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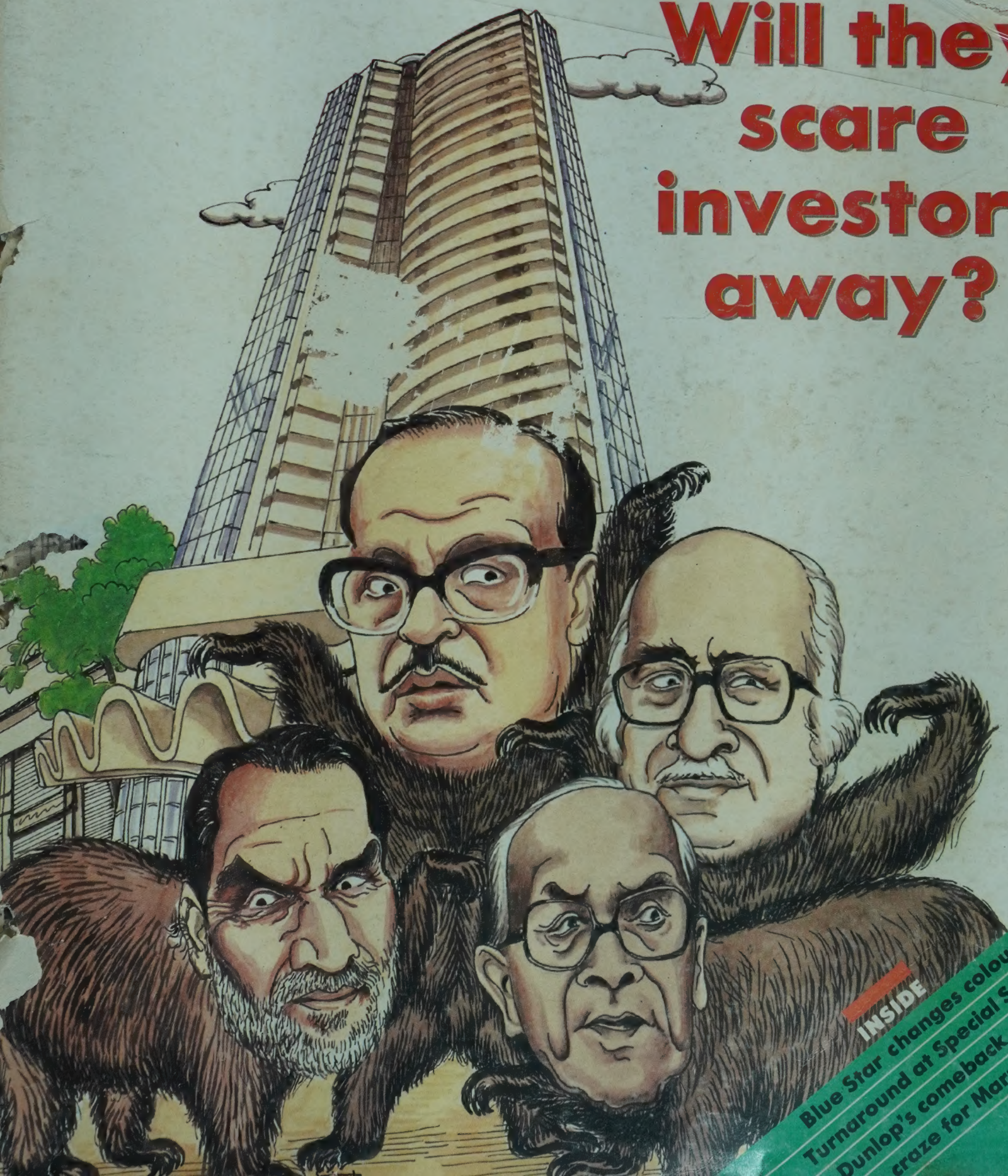
9 DEC 1989

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November 27 to December 10, 1989

Rs. 7

Will they scare investors away?



INSIDE

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Turnaround at Special Steels
Dunlop's comeback effort
craze for Maruti 1000

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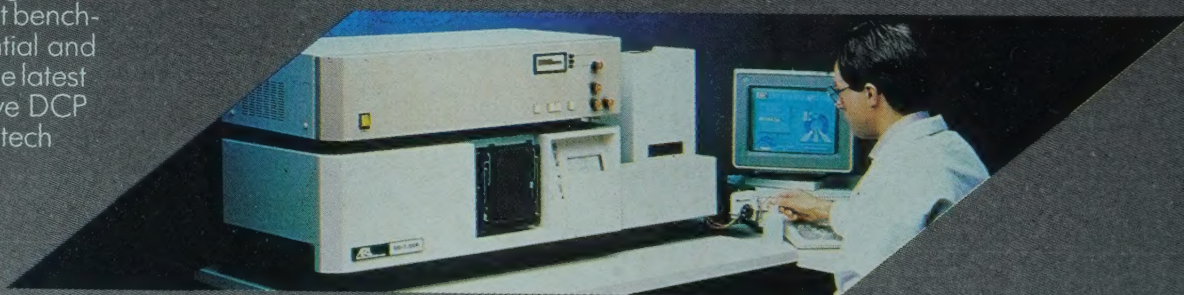
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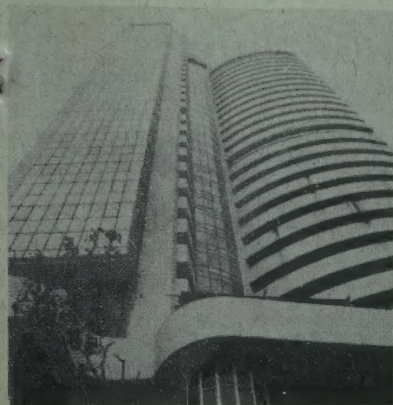
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With the people giving no decisive verdict in favour of any single party, the country has once again plunged into a lot of uncertainty. The stockmarkets have reacted nervously, with sharp falls in leading scrips and this decline is likely to continue until the next budget

MUKARRAM BHAGAT



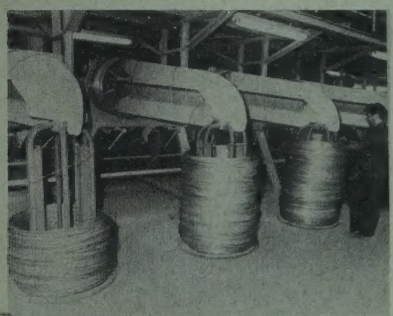
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The recent mine disaster at Raniganj raises questions about mine safety

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"Scarcity" of foreign exchange is a problem we have created ourselves

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Critics who warn against the unholy nexus between government and business, must be answered with demands for even stronger links between the two, says

ANAND G. MAHINDRA

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While an internal union leadership is desirable in many ways, it has its attendant problems, especially for a management that assumes compliance on the part of the leaders, says

E.A. RAMASWAMY

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Though the Indian financial services industry has grown by leaps and bounds in recent years, it still has a long way to go in terms of managerial expertise, says

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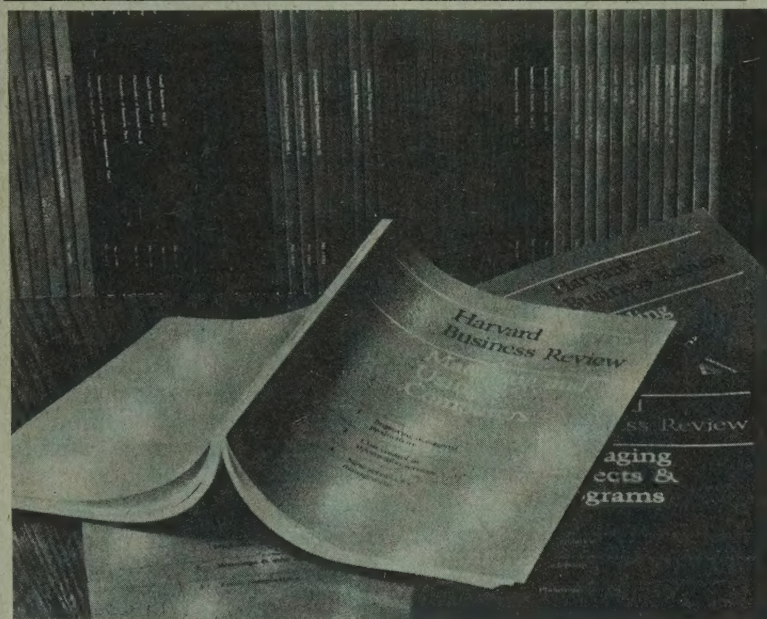
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Published and printed by
A.H. Advani
of BUSINESS INDIA
Wadia Building, 17/19 Dalal
Street, Bombay 400 001,
at the Tata Press Limited,
Bombay 400 025
& Phototypeset by
Business India Photosetters.

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Design Team	Raphael Fonseca, Bertie D'Souza, Mukesh Pandya, Andrew Gonsalves
Production Manager	Henry Serrao
Distribution	India Book House Pvt Ltd
Registered Office	Wadia Building, 17/19 Dalal Street, Fort, Bombay 400 001. Tel: 274161/271558
Editorial, Marketing, Advertising & Administration Office	Nirmal, 18th floor, Nariman Point, Bombay 400 021 Tel: 204 6236/202 4422/202 4424 Telex: 11 3557 BZIN IN
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Congratulations and a big welcome to the new government. Whichever way one voted, the new government formed by the democratic process must be supported by all and given a full and fair chance to govern.

We delayed the current issue of *Business India* for a full week to report on post-election developments. At the time of going to the press, the new portfolios have not been announced and everyone is waiting to see what are the key appointments that will be made in the ministries.

It is therefore difficult to predict anything about the economic and social policies that are likely to be followed by the new government. It would also be totally unfair to pass any comments on the likely performance of the government. Therefore, in this cover story our Deputy Editor Mukarram Bhagat merely focusses on the immediate reaction of the stockmarkets and reports on the current mood of the markets. He looks at the situation today and highlights the short term nervousness of the capital markets. It is also clear that several weaknesses and aberrations had crept into the markets in the last few months. Therefore, some of these corrections would have taken place in any case.

However, there is no doubt that markets, all over the world, are nervous at any uncertainty. In India, we are not used to coalition governments and rightly or wrongly, coalitions are perceived by many to be inherently unstable. It is this that has added to the immediate short term pessimism in the market, and does not try to predict what will happen in the coming months.

But taking a more optimistic view, hopefully many of the current uncertainties will be sorted out quickly. In many other countries coalition governments have been stable and have worked successfully. Robust economies have flourished under coalitions. However coalitions necessarily imply a greater emphasis on persuasion and consensus politics. Given some of the sharp conflicts our society has seen in the last five years, a return to consensus politics can be a very positive development. To the extent that the Janata Dal can carry along its partners, and take decisive steps, will be a true test of its leadership.

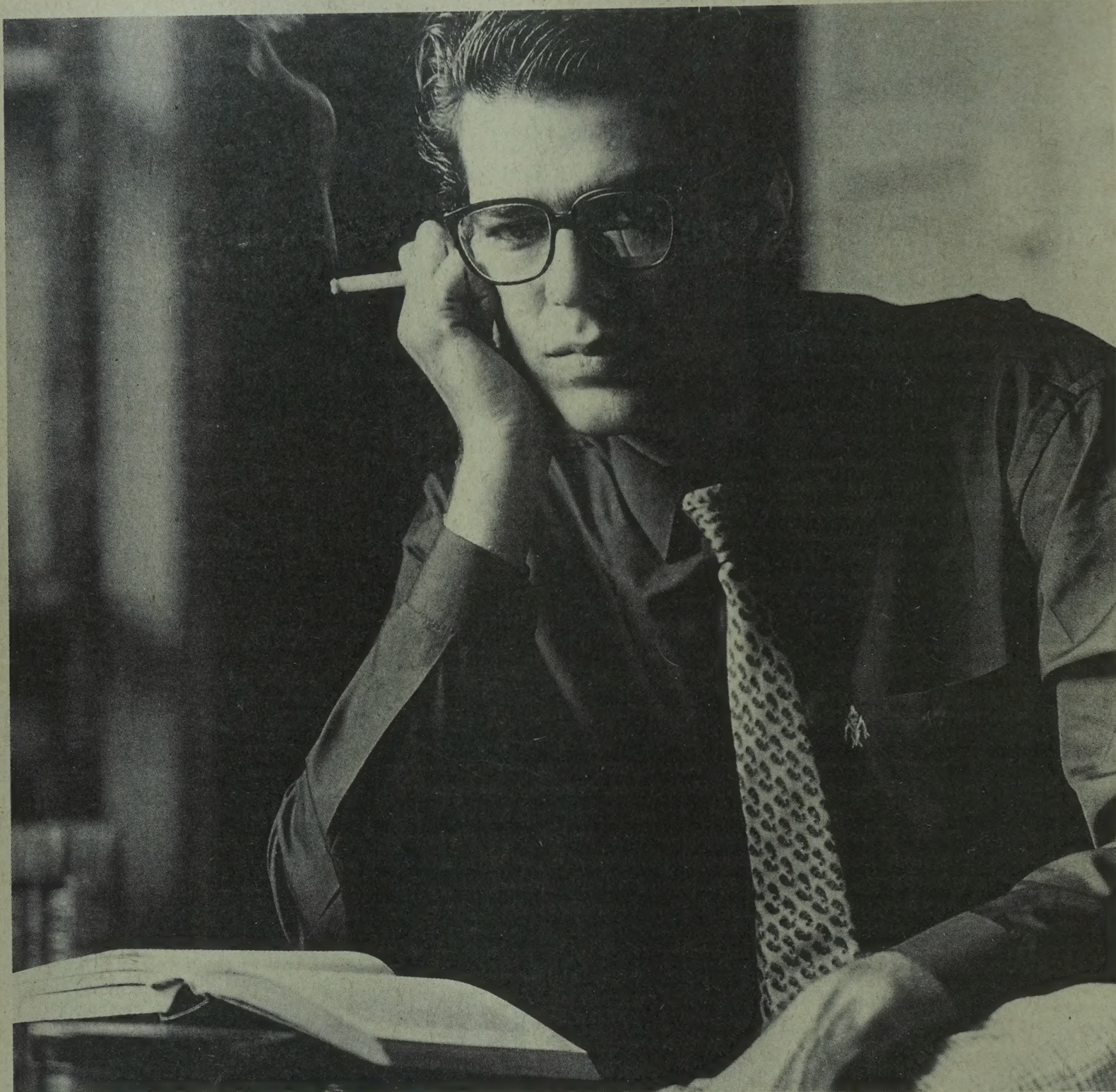
It is also quite clear that no matter who the individuals in power may be, there are objective economic realities which will probably dictate the decisions. No government will want to create a crisis of confidence in the capital markets or amongst NRIs and other foreign investors. And above all, every government will want to keep inflation in check. With many day-to-day decisions being taken at the level of civil servants, there is likely to be a fair degree of continuity.

It is only when the new government settles down will we be able to assess their policies and the longer impact on different sectors of the economy.

In the coming weeks and months *Business India* will be continuously looking at the major economic issues and steps being taken.

We are confident that, as a nation, we will be able to rise together to meet the challenges ahead.

Ashok H. Advani

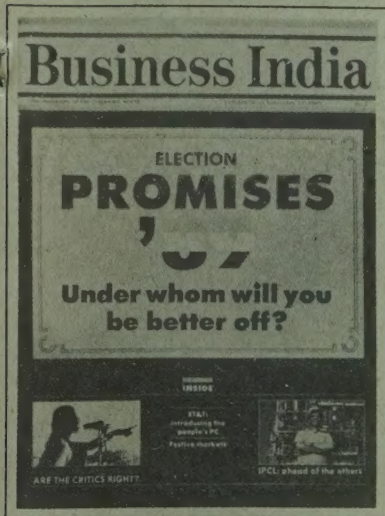


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AT • BOMBAY – CHURCHGATE (NEXT TO CHOPSTICKS), INTERPLAZA, KEMPS CORNER. • DELHI – INTER-SHOPPE, SOUTH EXTENSION-I.



• No choice

Your cover story on Election Promises (30 October) is relevant. Forty years have displayed our constant desire to play safe because of innate fears that have landed us a dynastic rule.

All countries in the world, including communist bastions, advocate a free market, with no moralising on petty issues of percentage of foreign investment.

The common problem that ails our vast resources and huge infrastructure is political meddling. Is this what we mean by political power and stability? So far there is every reason to believe that a strong political system and stability means that every loan, public issue, project or licence is politically controlled and decided.

Was liberalisation and lower taxes a multiple issue choice? The government after decades of poor growth, negative taxes, zero return on public sector investments, and a stagnant economy had no choice but to nationalise, bring more controls and raise taxes further.

The economic order today being one of global trade — India has no choice but to open up its trade, and change all outdated FERA, MRTP laws, etc.

UDAY PASRICHA
Bombay

• Main issues remain

The Letter from the Publisher (30 October) is clear about the fact that economic considerations must influence the voter. In

a country where 75 per cent of the population is illiterate, how do you expect them to understand the part played by economic issues? For them, the main issues are meals, clothing and shelter. Time and again, the people have been promised clothing and shelter without facilities for them being ever generated. The voter has yet to see a well structured economic growth plan, major industrialisation and a favourable increase in GNP.

H.K. THADANI,
New Delhi

• Straightening it out

I refer to 'Tough times' (cover feature, 16 October). I have come across some factual errors.

In the feature it is mentioned that "according to a police officer, 'When V.M. Mehrunkar joined Telco, he recruited Nair as a muscleman, in September 1976, to counter the militant elements in the existing TKS'." Further, in the second box, "he took up the national vocational course and joined Philips, Pune, as a tool room miller in January 1976. It was here that Nair first met his future *bete noir*, V.M. Mehrunkar, who was then personnel manager at Philips."

The fact is that Nair was recruited in Telco (Pune), *vide* their appointment letter dated 16 August 1976. He joined Telco on 1 September 1976. I was with Philips (Loni) from 1 January 1975 to 31 December 1977. Hence, I could not have possibly recruited Nair in Telco in August 1976. Nana Shahane was the personnel manager of Telco during the period June 1975 to July 1977, during whose tenure (and not mine) Nair was recruited in Telco (Pune). Presuming that while in Philips, I could have recruited Nair as a muscleman in Telco is, implausible.

Incidentally, in his bio-data form, Nair had made no reference to his being under training with Philips. Moreover, he could not have joined Philips as a trainee in January 1976 because Nair completed the National Vocational Course only in April 1976 as per his own bio-data.

Also, secondly, Nair had joined Philips as a tool room trainee in August 1976, and had stopped reporting for his training from 1 September 1976, obviously because by then he had joined Telco.

Within Nair's short span of a month as a trainee, I had not even heard of him, let alone met him because training of apprentices in Philips was not under my charge.

V.M. MEHRUNKAR
Ex-Deputy General Manager
(Human Resources),
Telco
Pune

• *Since Telco had refused to release the relevant documents and Mehrunkar himself was unavailable for comment, the facts presented in the article were gleaned from interviews with a wide range of people. This included, office bearers of the Philips trade union and TKS, senior police officials, ex-personnel managers of Telco and local labour experts besides, Nana Shahane and Rajan Nair themselves. The facts were presented in the best of faith and were not intended to mislead* — Editor

• Fool's paradise

Who is Rajan Jetley trying to fool (Marketing, 16 October)? I have never known an organisation to work better after a change of colours and slogans. What Rajan needs to do is get to the grass-roots. Non-adherence to flight schedules, shabby treatment for passengers, non-compliance of the airline staff, are all problems plaguing Air India. Instances of flights taking off late are now a dime a dozen. Baggage handling also leaves much to be desired. Will Rajan Jetley concentrate more on the finer aspects of the organisation than spend huge sums of money on uniforms and decor?

A. SRINIVASA MURTHY
Secunderabad

• Whither professionalism?

I refer to 'Flight to Disaster' (Aviation, 16 October) which

exposes the mismanagement that characterises our public sector companies today. Lack of managerial competence has been ingenuously used by vested interests, to undermine systems and adopt ad hocism. In the name of merit and high-flying professionalism, these companies have become fiefdoms of a few people euphemistically called top management. This explains the recent crop of super-managers like Harshvardhan and Rajan Jetley.

What, after all, are the credentials of these upstarts? The controversy about Harshvardhan explodes only in the wake of disasters that cost human lives.

Such recruitment, postings and promotion has brought in frustration in deserving persons

T. ANAND
Bombay

• How's that?

In the article entitled "The Maharajah's new clothes" (16 Oct.), the information about Sea Harriers taking part in the airshow is wrong. Only MIG 29s took part. The Rajendra Chola flew a height of 700 feet and not 1,000 feet.

ADARSHVIR SINGH
Bombay

• In "The Maharajah's new clothes" the views ascribed to Mario Gracias, as those of the Maintenance Engineers' Association is pure imagination. He never met your correspondent. Gracias was an office bearer of the association till June 1989. Today, he is neither our office bearer nor an official spokesman of the association. It is unethical to concoct views and ascribe them to association.

S.K.S. MODH
General Secretary
Air India Aircraft Engineers' Association

Business India stands by the quotes attributed to Mario Gracias — Editor

• TV and children

"The Pied Piper Syndrome", (Advertising, 16 October) interested me. The influence wielded

by children over family purchase is a factor worthy of consideration. The main task of advertising, to ensure "product recall", can be ensured if ads are made with children in mind.

School children in Madras play a simple game with TV ads. A variation of dumb charades, each participant has to guess the name of an advertisement beginning with a pre-selected alphabet. If the alphabet is A, Apollo tyres, Amul chocolates, or Aavin products would be the answer. This only goes to show how popular TV ads have become with children.

C.V. KRISHNAN
Madras

• Customs woes

I refer to the feature on passenger baggage rules (Policy, 16 October). During my last visit to India I had to buy gifts for 35 persons.

The Rs.1,250 limit was fixed about seven years ago after which the Indian government has completely forgotten the inflation factor. Increasing the baggage allowance is only fair. Other Asian nations like Pakistan, Bangladesh and Philippines are not so rigid.

The government has always aided and provided cash incentives to exporters who earn foreign exchange. What about us, who export ourselves, bring in foreign exchange, and generate business for Air India and Indian Airlines not forgetting hotels

like the Centaur?

J.B. VIVERA
Oman

• To each his own

This refers to the brilliant expose of the labour and trade union situation in the Pune industrial belt (2 October). The feature shows the trends that the industrial labour situation is likely to take in coming months.

However, it appears that the author has not questioned Nana Shahane's statement that the increasingly acrimonious industrial climate in Pune has been "made worse by the personal managers...." While it is naive to suggest that a personnel manager can take a decision related to industrial relations individually, it is possible that decisions which turn sour are blamed on him.

In professionally managed companies, it is always a 'management' decision and not the decision of one individual. Perhaps, if Rahul Bajaj, H.K. Firodia or Leela Poonawalla had been given an opportunity to corroborate of refute Shahane's statement, it would have made for greater clarity.

NARHARI K. KHARE
Poona

• Shekhar Ghosh replies: As Khare is welcome to his viewpoint, so is Shahane. However, the fact is that, many industrial relations experts and industrialists in the area, including

the persons Khare has named, who were interviewed, subscribe to the same view.

• Pix mix

In the section World Paper (2 October), the photograph published on page 129 is captioned 'A crowded trail in Bombay'.

The picture depicts Jaipur's famous Johari Bazar and not Bombay.

P.K. GARG
Sonapat (Haryana)

• The right attitude

The view that "computer technology is being offered by people who don't understand it to users who don't have any idea either," is far from true. I refer to 'Time for Revival' (Computers, 2 October).

The fault lies with the data processing professional. There has been little or no effort to educate management on the immense possibilities of tuning information systems to the needs of daily operational requirements — the possibility of precisely connecting an operation on the shop floor with the customer delivery date. The only argument put forward for computerisation is economy of data processing. This leaves management to concentrate on product design, improve market share, reduce distribution costs, etc.

It is time to realise that the technology to look for is software and not hardware, the process rather than the equipment.

Management oriented systems are found in software just as products are found in processes and not in the plant.

R.P. COELHO
Bangalore

• Mega issue sanctions

Various articles in *Business India* relating to mega issues have caught my interest.

The submission made by G.R. Ramaswamy for CCI in the court that "the sanction for an issue was a purely administrative one. The office of the CCI had a limited staff of five and functioning under constraints," (2 October) is enough reason to cause worry to investors.

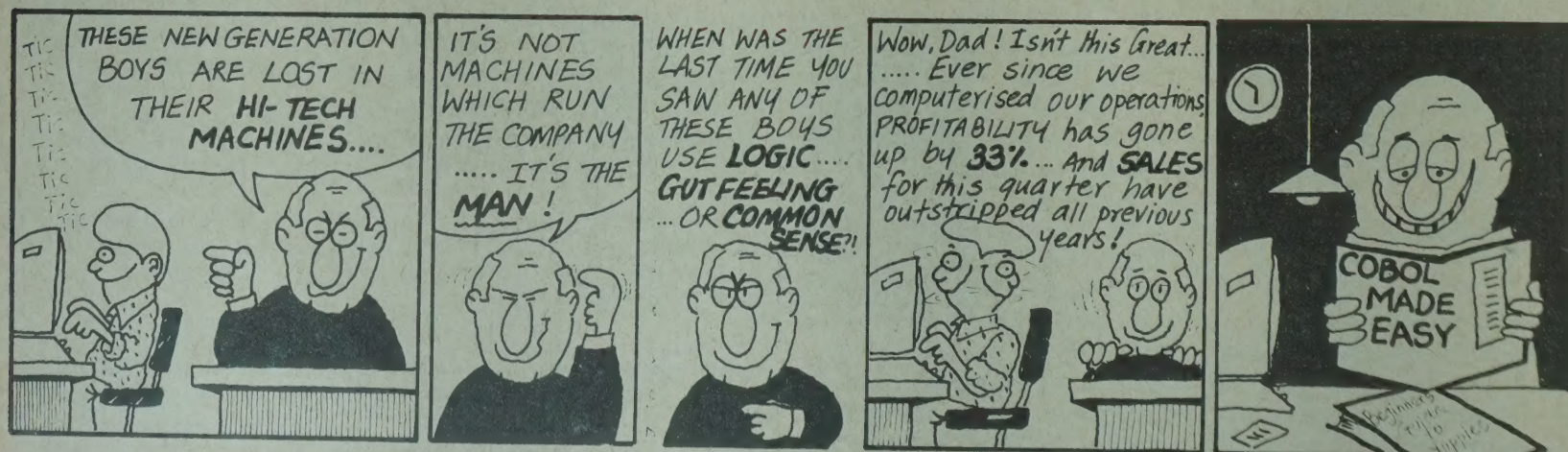
There is a trend among entrepreneurs to issue convertible debentures comprising two or more parts, leaving the CCI to decide the future premium on the second part. That the CCI has neither guidelines or norms nor the infrastructure to work out the premium is disturbing. As seen during the recent mega issues, it would appear that the CCI has no concern for investors.

In the absence of adequate infrastructure, the entrepreneurs can manipulate the market prices of the shares at the time of conversion of the debentures and may compel CCI to fix high premiums. Alternately, they can opt for conversion when the market is bullish.

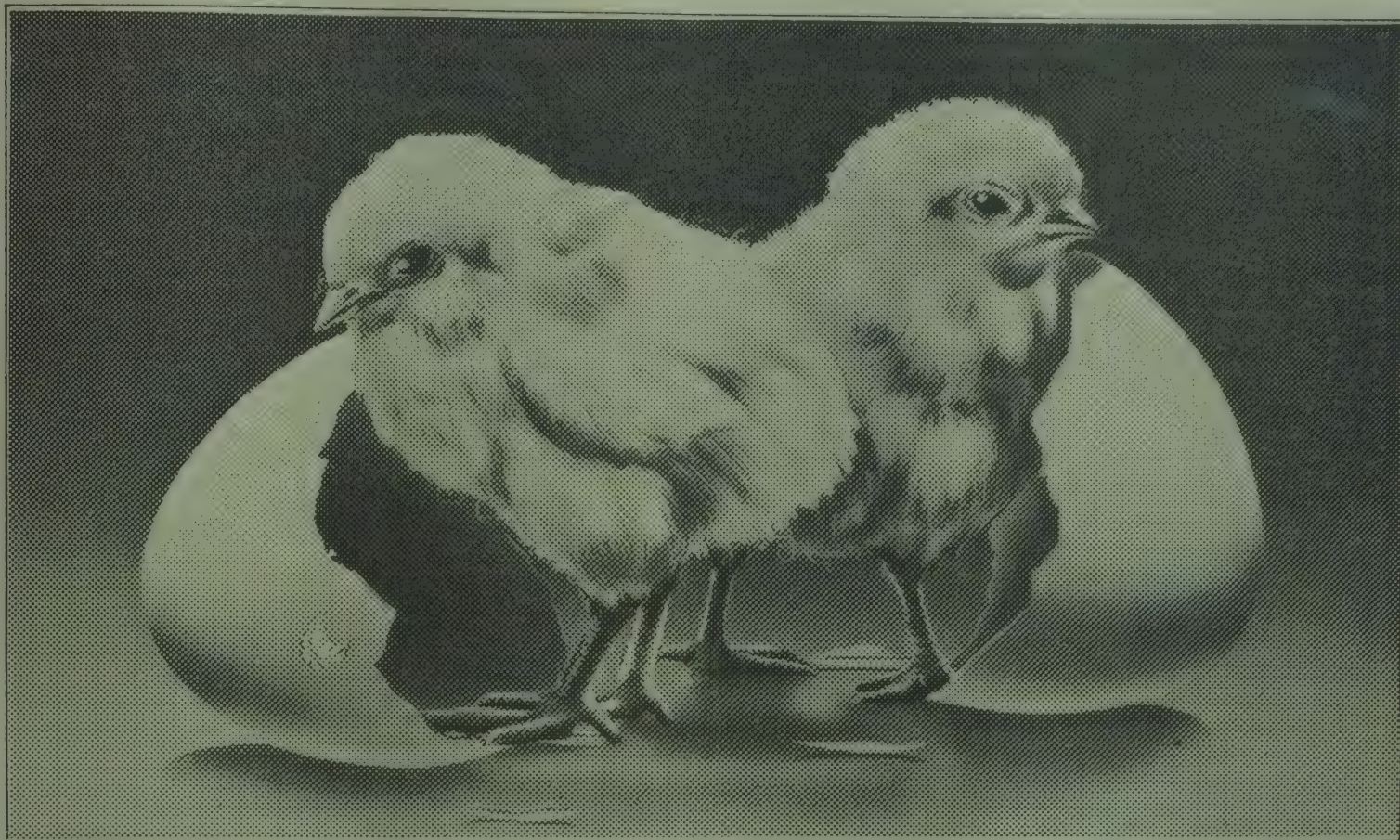
B.P. GUPTA
Calcutta

LIKE FATHER, UNLIKE SON

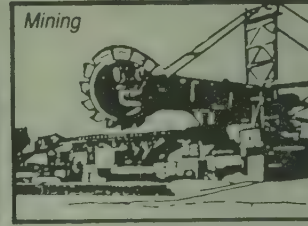
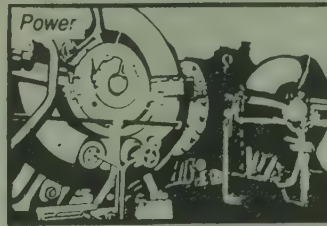
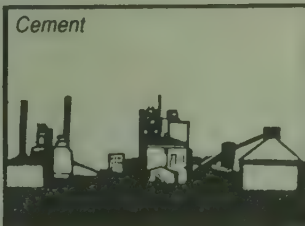
by Joran



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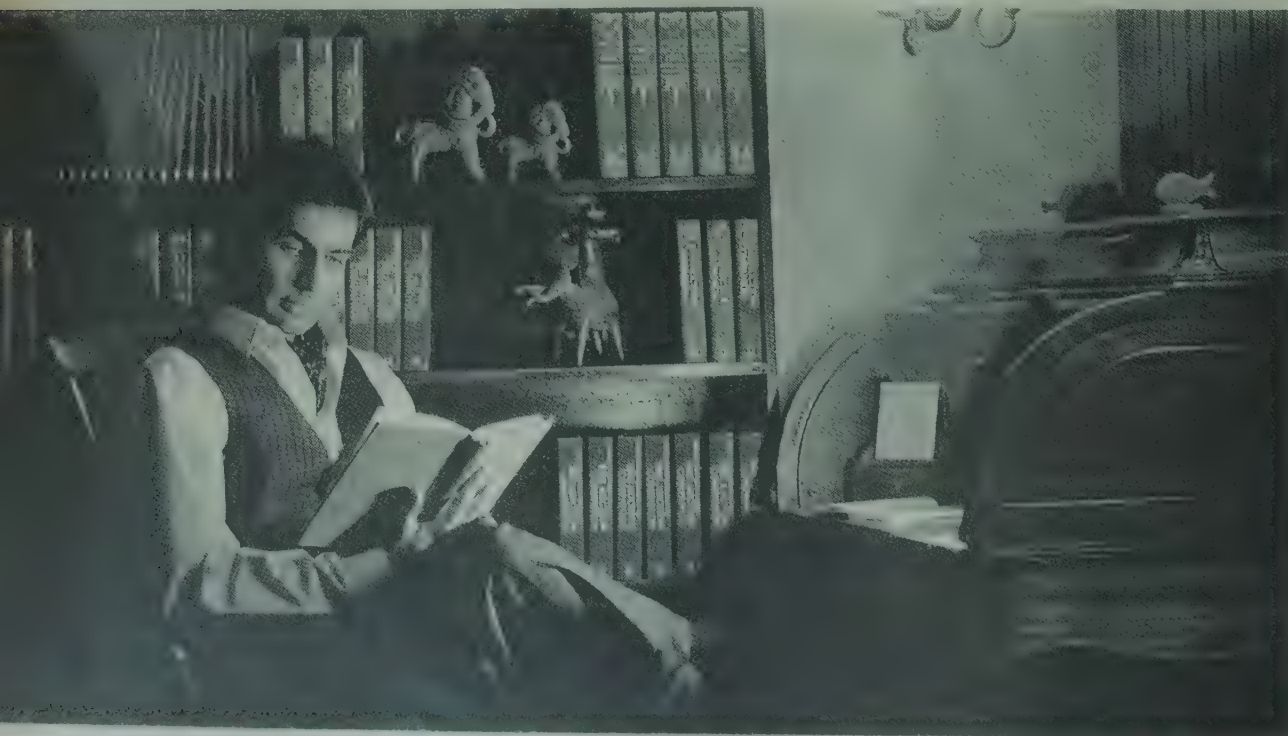
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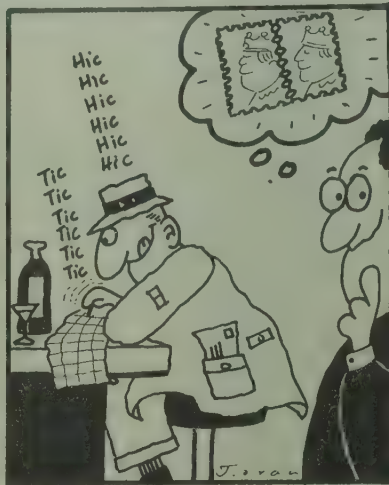


WORSTED WOOLLEN

On perforation

Today, when you buy a sheet of stamps, the perforations make it simple to take the stamps apart without damaging them. When and where did the practice start?

One dark night more than 140 years ago, a newspaper correspondent sat at his table in a cozy London pub. A mug of beer at his elbow, he was chronicling the day's events for out-of-town newspapers. Once the despatches were sealed in envelopes, the journalist drew a sheet of postage stamps



(unperforated, in those days), from his pocket. He proceeded to grope for the

penknife, he usually carried to cut the stamps apart.

Failing to find it, he pulled out a pin from his lapel and began to work on the stamps. As he laboured, another visitor Henry Archer, watched him intently.

Slowly an idea began to take root in Archer's mind: how wonderfully easy the task would be, if there was a perforating machine. He took it upon himself to build one. Archer's initial models were rejected by the British postal authorities. However, his third machine was accepted and patented in 1848.

Further modifications were made, and in 1854 a new type of stamp was placed on sale in England. One by one, other stamp-issuing countries followed Britain's lead with the US joining in 1857.

Perforated stamp sheets came to India with the British who introduced the postal system in India.

Archer's chance observation of a journalist who had mislaid his penknife introduced this convenience to the world.

G.V. JOSHI
Pune

Colour bar

Certain Asian airlines have a colour bar. They insist that their air hostesses be dark-eyed to go with the 'Asian look'. Singapore Airlines' Singapore girls aren't allowed to wear coloured contact lenses because that would contradict their advertising image (eye infections, of course, are another side



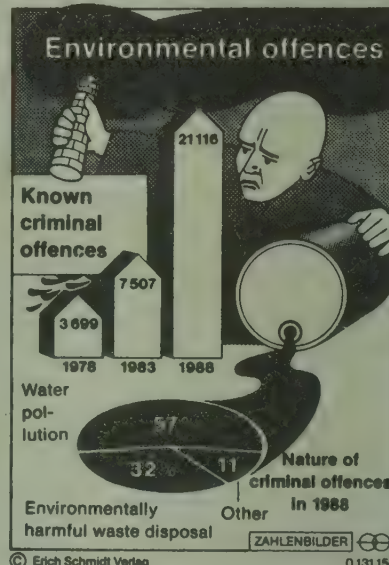
effect). Malaysian Airlines and Japan Airlines have issued similar strictures to their stewardesses. "How can an Asian girl have blue or green eyes?" they ask.

Our national airline, thankfully has no such colour prejudices — as yet. And if they did, the country's women's groups would surely see red!

Punishing polluters

There are no two ways about it, the 'green' lobby has built up clout in many parts of the globe. West Germany for one. With increasing environmental awareness, more and more West Germans are on the alert against possible threats from pollution. On their part, the authorities have tightened up their controls and the number of recorded environmental offences is steadily increasing.

While 1978 saw only 3,700 environmental offences reported, the figure in 1988 exceeded 21,000. Over half the cases reported in 1988 (57 per cent) involved water pollution. Another third (32



per cent) related to improper waste disposal, and in the remaining cases the offender was guilty of operating environmentally hazardous plant or machinery.

Like sardines

For all those tired, cramped commuters in Bombay's suburban trains here is news about fellow-sufferers at Shinjuku station in Tokyo's business district. During peak hours, especially in winters, when people are wearing heavily padded clothing against the freezing cold, railway authorities are compelled to employ 'pushers'. No, they've got nothing to do with the drug trade; what they in fact do, is

literally push commuters into already packed trains. On an average working day, about 1.25 million passengers switch trains at Shinjuku. If a head-count of all commuters (including those travelling by bus and subways) is done then the total traffic amounts to an astounding 2.6 million daily.

Of course, Bombay doesn't require pushers — fellow commuters perform the task unasked!

R. SUBRAMANIAM
Bombay

Cashless toll

At Dartford Tunnel near London, almost 100,000 vehicles which daily pass through the twin tunnels under the river Thames pay a toll before the crossing. Needless to say, with the delays at the paybooths there is heavy traffic congestion. Now an English engineering company is investigating the feasibility of a cashless toll system. Radio frequency transponders identify vehicles that have been prefitted with a tag. This responds to radio signals sent out by the transponder as the vehicle approaches the toll booth. The computer automatically debits the customer's account and gives a green light.

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution

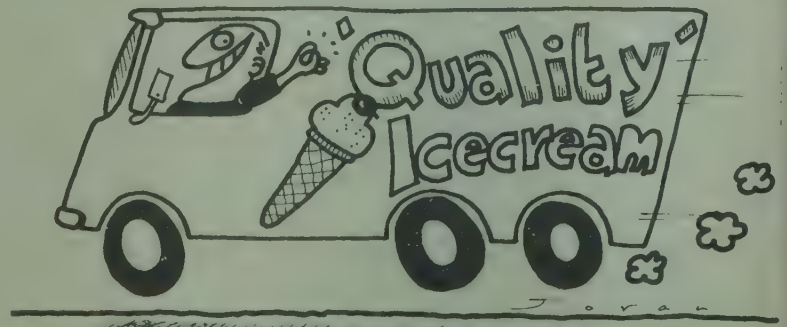
Saga of a steel plant

The oldest public sector steel plant in India was set up in 1923 as the Mysore Wood Distillation & Iron Works with a capacity of 24,500 tonnes of pig iron per annum. Four decades later, it was rechristened Mysore Iron and Steel Limited.

The Centre stepped into the picture in 1971 by acquiring 40 per cent of its shareholding. In 1976, the company was renamed after its founder, Dr. M. Visvesvaraya. In July this year, the ailing Visvesvaraya Iron and Steel Limited was formally taken over by SAIL.

Quality zindabad

It's the catch-all concept which is every marketer's favourite. The word "quality" can make the market move. There's no better magic *mantra* to beat it, as these recent ad slogans reveal: For the gracious people, QUALITY that's forever — Goldflake
QUALITY under the computer's minute watchful eye — Ramco Cement
QUALITY is its strength — Orient Cement
Leadership through QUALITY — Apollo Tyres
A symbol of high QUALITY and dependability — Glaxo



Mikado means QUALITY —
Mikado Suitings & Shirtings
With a passion for QUALITY —
Solidaire TV
The mark of QUALITY — VIP
Luggage

QUALITY is the best reason
for success — Maruti
Udyog

LAKSHMANAN SOMAN
Madras

For the wise investor!

With the recent spate of public issues, brokers and merchant bankers were working 36 hours a day. And where targets have to be met, scruples could get sidelined. To establish its credentials, Champaklal Investment & Financial Consultancy Ltd (CIFCO) released an advertisement apparently in the interest of the investing public.

It spells out ten commandments for the wise investor:

- You shall invest in a company promoted by professionals with track record.
- You shall prefer a running profit-making company for your portfolio.
- You shall ascertain the profitability of the company's area of operation, and the performance of the industry.
- You shall look to the pace-

setting achievements of the company and its dynamism.

- You shall weigh the financial performance of the company.
- You shall check on the specialisation and potential of the company.
- You shall take into account the successes of the company's divisions.
- You shall give due emphasis to the company's future plans.
- You shall look to the merits

of the group to which the company belongs.

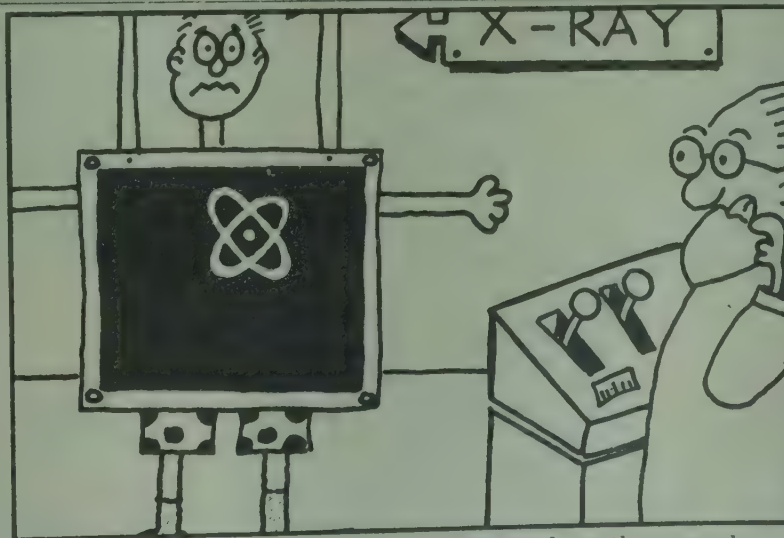
- You shall consider the potential of the company's product even in the international arena.

Now, all this is wonderful on the face of it. Delve some more. Many commandments overlap in their meaning. And nowhere is the dividend paying record of the company mentioned. Ironically Cifco is itself quoting below par — at Rs.8.50.

Much maligned N-radiation

These days so much is written about the hazards of nuclear radiation that nuclear power is looked upon with much concern. In this context, a recent report from the National Radiological Protection Board (NRPB) of the UK provides some startling revelations.

- 77 per cent of the radiation to which the population is exposed emanates from natural sources and only 23 per cent is of artificial origin.
- Radon gas, a disintegration product of radium, is the single most important source of natural radiation. It accounts for 47 per cent of the total radiation. Radon



seeps from the ground into buildings.

- NRPB estimates that 6 per cent of 41,000 fatalities from lung cancer each year in the UK are due to radon.
- Gamma rays emanating from building materials and

the ground are the second largest source of natural radiation, about 14 per cent of the total.

- Not many people realise that the exposure of patients to medical radiation can be quite substantial, eg. barium

meal x-rays would expose the patient to eight mSv — the permissible limit being 15 mSv per year.

- Executives have their own hazards. An executive who flies 100 hours in a year would have enhanced radiation exposure due to cosmic rays.
- Out of the 23 per cent of artificial radiation, medical radiation accounts for 12 per cent and cosmic rays 10 per cent. Thus all others, such as nuclear, mining and miscellaneous account for about 1 per cent. Indeed, the much publicised and criticised nuclear radiation is estimated at about 0.1 per cent only!

RAVI MARPHATIA
Bombay

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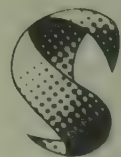
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What's going on?

Is a tussle going on at Carbon Corporation Ltd? The N. Bangur group is buying up shares in the company where it has a holding along with Mukul Harkisandas, the brother of the late Pradeep Harkisandas. The game plan, at the moment, is not clear.

Well in the lead

Burroughs Wellcome (I) Ltd, a medium-sized pharmaceutical company, is reported to be well ahead in the race to introduce two new drugs into India. The chief executive of the Indian company, D.K. Bose, along with a senior executive of the parent company in the UK, recently visited Japan and finalised a deal with Fujisawa, the third largest pharmaceutical company in Japan, which manufactures the third generation antibiotics. The drugs, for treating tropical diseases are expected to have a large demand in India.

Giving the bank a head

Of the 21 nationalised banks, four do not have executive directors, and one, the State Bank, is headless. SBI has been without a chairman for quite a few months now. Recently, the name of B.N. Davar, chairman, IFCI, was tentatively cleared to take charge of the State Bank. But it appears, there are other contenders on the list, including M.N. Goiporia (chairman, Central Bank), R. Srinivasan (chairman, Bank of India) and N. Vaghul, (chairman, ICICI). Interestingly, Vaghul was a senior officer in SBI Bombay in 1975 and enjoyed a standing as an important banker, during the 1977-79 Janata regime. As the National Front seems set to form the new government at the Centre, Vaghul's star could be on the ascendant again.

'Get well' plan

R.V. Pandit of Business Press Publications has worked out a plan for the rejuvenation of the sick CBS India Ltd, he took over from the Tatas about two years ago. The profitable Business Press is being merged with CBS. Moreover, Pandit has also invited his old friend, Nusli Wadia, chairman of Bombay Dyeing, to pick up a part of the CBS equity. After the merger, CBS plans to give a new thrust to its existing audio cassettes business and introduce video cassettes and other related products.

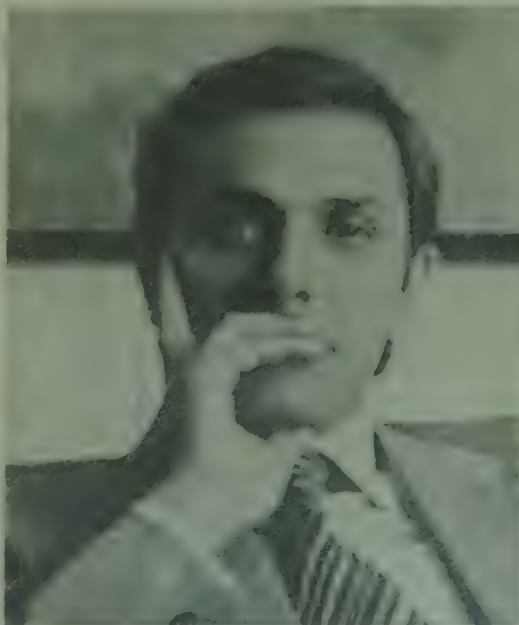
After the trial, the prize

R.V. Ramachandran, who had recently stepped down as chairman and MD of Kirloskar Cummins Ltd is likely to be reappointed chairman. Ramachandran had been embroiled in a controversy when some shareholders filed cases against him for not having disclosed his wife's interest in two companies which are suppliers to Kirloskar Cummins. The corporate grapevine has it that either these cases against him will be withdrawn, or, given the way things are proceeding in court, the verdict may well go in his favour.

A new chairman was to have been appointed at a meeting held in London over a month ago, where both the Kirloskar family and Cummins representatives were present, but the decision was deferred to a later date. The delay in appointing a successor to Ramachandran, is also an indication, sources point out, to the fact that Ramachandran himself will be reappointed once the court absolves him of all allegations. An announcement to this effect is expected any moment.

If at first you don't succeed....

Videocon's forward march seems to have suffered a setback last fortnight. The government is believed to have turned down its proposals to make refrigerators with National of Japan and colour picture tubes with Philips of Holland. But the undaunted Venugopal Dhoot, chairman of



Wadia: terms of friendship



Dhoot: undeterred

the group, who now spends much of his time in Delhi, has not given up. He is now making fresh bids with different foreign partners.

Meanwhile, last week Videocon signed a joint venture agreement with Toshiba of Japan for their VCR project for which it will make a public issue in the second week of January next year.

The French connection

Canbank Financial Services, a subsidiary of Canara Bank, is floating a new mutual fund with Banque Indo-Suez of France. The \$100 million close-ended fund will be floated in the Netherlands to avail of tax benefits and listed in London. The fund will invest in various instruments in India and will be open to subscription to NRIs as well as foreigners.

Want to buy a hotel?

A rift in the Khanna family has prompted them to put up for sale their three hotels, Holiday Inn, Bombay, Claridges, Delhi and Majorda Beach Resort, Goa. The asking price: between Rs.50 to Rs.60 crore. Also reportedly up for sale is the Holiday Inn in Bangalore, which is controlled by an NRI group. And finally, the Salgaocars, (Raj is the son-in-law of Dhirubhai) have got the clearance to set up a five star deluxe hotel on Goa's Miramar beach near Panjim. To be set up in collaboration with Holiday Inn, the hotel is to be called Palm Grove Holiday Inn.

GOVERNMENT

Sardar Sarovar

The World Bank president Barber Conable, has reaffirmed that the World Bank will finance the Rs.136.40 billion Sardar Sarovar Project at Narmada basin in India. The bank took the decision after a reappraisal of the costs and benefits associated with the project. At the time of the project evaluation, the bank also took into account the views expressed by Narmada Bachao Committee activists but found that the alternative plan suggested by them is inadequate to meet the basic needs of the population that large.

BHEL to make "heli-rig"

The public sector Bharat Heavy Electricals Ltd (BHEL), will soon start manufacturing helicopter rigs for oil exploration. It has already received a Rs.10 crore order from ONGC for one such rig. According to BHEL sources, these rigs will be used for drilling in mountain areas

crore during the Eighth Plan to achieve a production of 328 million tonnes of coal and lignite by 1994-95. This includes production of 304.45 million tonnes of coal and 23.50 million tonnes of lignite.

The total demand in 1994-95, terminal year of the Eighth Plan, has been set at 312.20 million tonnes of raw coal and 8.69 million tonnes of middlings, which makes it necessary to import an additional four to five million tonnes. The foreign exchange requirement for the coal and lignite sector in the Eighth Plan has been estimated at Rs.1,600 crore.

UGC plans

The University Grants Commission (UGC) has proposed an outlay of Rs.3,200 crore in the Eighth Plan for the development of higher education in the country. This includes Rs.2,500 crore from the Centre and the rest in the form of contribution from the respective state governments.

UGC also proposes to convert about 200 colleges into auton-

tioning at four more centres — Ahmedabad, Bangalore, Bhopal and Lucknow. With the completion of the second phase of computerisation, nine major centres would be covered representing 57 per cent of total passenger reservations in the country.

In the first phase, Delhi, Bombay, Calcutta, Madras and Secunderabad had been brought under computerisation. In the third phase computerised reservations would be extended to Pune, Guwahati, Jaipur, Jammu Tawi, Bhubaneswar and Cuttack.

ECONOMY

Issue condition

The Union finance ministry has decided not to sanction fresh public issues by a company unless all previous issues made by it are duly listed on the stock exchanges. This condition will soon be incorporated in all approvals for public issues by the Controller of Capital Issues (CCI). In case of debentures with multiple conversions, the Controller is likely to insist on strict compliance with the Securities Control Regulations Act relating to listing procedures, before approval is given for fresh mobilisation of funds through the market.

A cooling-off period is also to be provided between the listing of the earlier issue and the opening of the subscription to the new one. The finance ministry's decision is supposed to put a restraint on undue speculation and manipulation by companies at the time of a fresh issue.

FCNR deposits

Deposits under the foreign currency non-resident (FCNR) schemes are likely to cross the Rs.3,500 crore mark this financial year. In 1988-89, the government could mobilise only Rs.1,300 crore under FCNR. The scheme carries highly attractive interest rates and provides for repayment of deposits virtually on demand in the currency of the deposit.

While the buoyancy in such

FCNR deposits will help the balance of payments situation, the sharp growth in deposits has also, in effect, raised the foreign currency repayment liability of the government. By the end of March 1990, the cumulative FCNR deposits are expected to go up to Rs.10,000 crore.

Export credit unused

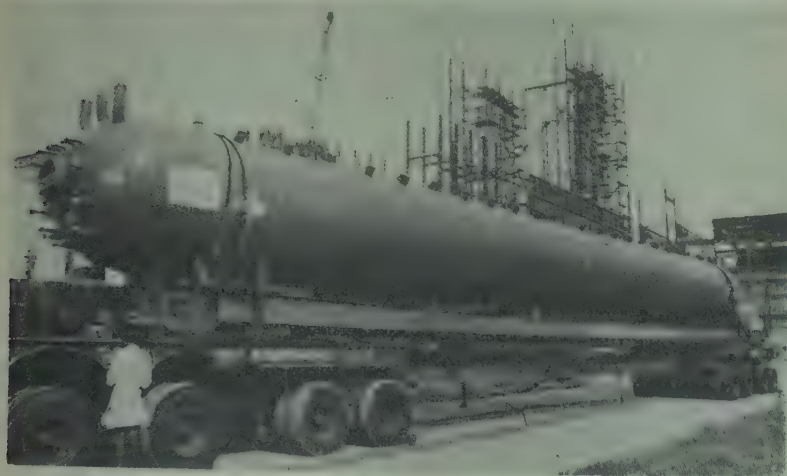
The Exim (export-import) Bank of India line of credit of \$20 million, extended for export to Mexico in 1988, has largely remained unutilised by Indian exporters. According to the Engineering Export Promotion Council (EEPC), only \$30,000 has been used so far. This is despite the 46 per cent growth in Mexican imports which increased from \$12 billion in 1987 to \$18 billion in 1988. Seventy-five per cent of the imports comprised engineering goods and the bulk was from USA which has a 65 per cent share of the total market.

ADB loan hike

Over the next three years, India's borrowings from the Asian Development Bank may rise to an average US \$800 million per year from the current average of US \$500 million a year. The bulk of the \$1.6 billion worth of loans committed by the ADB between 1986 and 1989 is towards power, ports, roads, railways and telecommunication projects, all in the public sector. The bank has also provided US \$39 million in loans and investments to the private sector.

AFIC launched

An organisation, the Asian Finance and Investment Corporation (AFIC) has been launched to invest in and support private enterprise in Asian-Pacific developing countries. It has been promoted by the Asian Development Bank (ADB) and 25 leading banks and financial institutions from Asia and Europe. ADB has invested \$35 million in AFIC and as many as 12 Japanese banks are shareholders in the Corporation with



without proper roads to reach them.

BHEL, which has already supplied 54 oil rigs of various capacities to ONGC and Oil India, will manufacture the heli-rigs at its Hyderabad unit. Each rig, with a capacity of 1,500 HP is capable of drilling up to 5,000 metres.

Investment for coal

A working group has suggested an investment of Rs.204,000

crore during the Eighth Plan to achieve a production of 328 million tonnes of coal and lignite by 1994-95. This includes production of 304.45 million tonnes of coal and 23.50 million tonnes of lignite.

Computerised booking

Computerised railway reservation facilities have started func-

its operational headquarters in Manila.

AFIC, with its own seven-member board of direction, will provide a range of financial services to joint enterprises with government participations, among others. Its total assistance to a single enterprise would not normally exceed 25 per cent of AFIC's equity or 25 per cent of the total estimated cost of the project, whichever is lower.

Pay panel suggestions

The Standing Conference of Public Enterprises (SCOPE) has suggested that the government should accept the high-powered Misra pay panel's recommendations relating to central DA for public sector undertakings (PSUs). The DA formula, according to the recommendations, should be fixed on the basis of a percentage of the basic pay linked to the rise in the all India consumer price index. This should be accompanied by a neutralisation of 100 per cent for basic monthly pay upto Rs.4,500, 75 per cent for basic pay upto Rs.7,000 and 65 per cent for pay above 7,000.

The panel has further recommended that chief executives of PSUs should be given Rs.2,000 more than the salary drawn by a secretary to the government and the CEO should get a special allowance of Rs.300 per month. The PSUs should also be free to decide the perks extended to its officers.

CORPORATE

Credit for computers

Electronics Trade and Technology Development Corporation (ET&T) has entered into agreements with five leading banks for providing credit to prospective buyers of the low-cost computers it has recently introduced. ET&T is offering four models ranging between Rs.10,950 and Rs.22,900. The five banks are Bank of India, Punjab National Bank, Indian Bank, Grindlays Bank and Indian Overseas Bank.

Bookings have been started in New Delhi and Bombay and deliveries will be made in January. A prospective buyer will have to pay a deposit of Rs.3,000. Even though the low-cost computers scheme will harm them in the short-term, established hardware manufacturers have welcomed it because it will help spread the computer culture.

BOI subsidiary launched

Bank of India (BOI) has launched a wholly owned merchant banking subsidiary, Bank of India Finance Limited (Bofin). The company will have an initial paid-up capital of Rs.10 crore and will operate in areas like merchant banking, investment banking, equipment leasing and foreign investment services. Branches will be set up at Delhi, Calcutta, Madras and Ahmedabad. Bofin will launch its Rs.50-crore mutual fund in a month's time. It will shortly sign a memorandum of understanding with the Bombay Stock Exchange to set up BOI Shareholders Ltd, a stock-holding corporation.

Essar's HBI plant

The first shipment of 40,000 tonnes of iron ore for Essar Gujarat Ltd's hot briquetted sponge iron plant at Hazira, Gujarat, was recently loaded at Visakhapatnam. The National Mineral Development Corporation (NMDC) has undertaken to supply 2 million tonnes of the ore every year for the Essar

plant. NMDC will also supply high grade fines and blue dust for Essar's proposed Rs.400-crore iron ore pelletisation plant at Kakinada in Andhra Pradesh. This 4-million tonne gas-based plant is expected to export 3 million tonnes of pellets through the proposed Kakinada port.

Tata joint venture

Tata Steel has tied up with Timken of the US to manufacture tapered roller bearings in Jamshedpur. While 20 per cent of the authorised capital of Rs.30 crore will be offered to the public, the balance will be shared equally by Tata Steel and Timken. The Rs.55-crore venture was delayed by two years due to bureaucratic hurdles. Timken, which owns 16 plants in seven countries, had an income of \$ 1.5 billion last year.

Ispat's Finnish connection

Finland's Outokumpu Company will provide technical assistance to Ispat Alloys Ltd for setting up a 160,000-tonne chrome ore pellet plant at the latter's factory in Balasore, Orissa. The 100 per cent export-oriented unit will produce 22,500 tonnes of charge chrome and 15,000 tonnes of high-carbon ferro-chrome annually. The new plant will be set up as part of the company's Rs.132-crore expansion programme. Negotiations have started with buyers in Japan, the US and Europe. Ispat Alloys also has plans for a Rs.100-crore magnesite metal

project and a Rs.50-crore ferro metal project.

Modi fibres tie-up

Modi Fibres Ltd has tied up with Courtaulds Fibres Ltd of the UK for a Rs.209-crore project at Patalganga in Maharashtra's Raigad district. The plant will produce 30,000 tonnes per annum (tpa) of solvent spun cellulosic fibres. The project will result in import substitution and boost the export of blended fabrics and ready garments.

A world leader in the rayon fibre industry, Courtaulds, with sales turnover of £2,610 million, operates in 38 countries. By the year 1991, the demand for cellulosic fibre is expected to short up to 228,000 tpa, against the current production capacity of 110,000 tonnes.

INDUSTRY

New production index

The Union government is preparing a new index of industrial production with 1984-85 as the base giving greater weightage to the small-scale sector than now. This is in keeping with the emphasis being given to the small sector in the Eighth Plan. The government also plans to expand the coverage of items from the existing 350 products to about 600. The coverage for the small scale sector products will also go up from 18 points to 75 points. The present base level for the index is 1980-81.

Import finance through foreign exchange

An official committee of the Commerce ministry headed by Surendra Singh, special secretary has suggested that large industrial houses should be made to finance their imports through foreign exchange earned by exports within three years commencing 1990-91. If it is not possible to do so unit-wise, efforts should be made to achieve the foreign exchange balance at the level of the group as a whole.





INDIAN METALS & FERRO ALLOYS LIMITED

Regd. Office : Bomikhal, P.O. Rasulgarh, Bhubaneswar-751 010

NOTICE

It is hereby notified for the information of the public that INDIAN METALS & FERRO ALLOYS LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under subsection (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to the establishment of a new undertaking. Brief particulars of the proposal are as under :

1. Name and address of the applicant : **INDIAN METALS & FERRO ALLOYS LIMITED.**
Bomikhal, P.O. : Rasulgarh, Bhubaneswar-751 010, Dist - Puri, Orissa.
2. Capital structure of the applicant organisation :

a) Authorised Capital -	Rs. in Lakhs	Rs. in Lakhs
i) Equity Shares of Rs. 10/- each	1200	
ii) Redeemable 9.5% Cumulative Preference Shares of Rs. 100/- each	40	
iii) 2nd Series Redeemable Cumulative Preference Shares of Rs. 100/- each	260	1500
b) Subscribed and paid up capital-		
Equity Shares of Rs. 10/- each fully paid up .		57.17
3. Management structure of the applicant organisation indicating the names of the directors, including Managing/wholetime directors and manager if any :
The company is managed by the Managing Director under the superintendence, control and direction of the Board of Directors comprising of -

Shri B. Panda	Managing Director	
Smt. Ila Panda	Jt. Managing Director	
Field Marshal Sam Manekshaw	Director,	Shri Baijayant Panda Director
Shri B.K.P. Sinha	Director	Shri S. Acharya Director
		Smt. Paramita Panda Director
4. Indicate whether the proposal relates to the establishment of a new undertaking or a new unit/division : **Establishment of a new undertaking.**
5. Location of the new undertaking. : **Choudwar, Dist-Cuttack, Orissa**
6. Capital structure of the proposed undertaking : **Authorised capital - Rs. 35 crores divided into - 350 lakhs equity shares of Rs. 10/- each.**
7. In case the proposal relates to the production, storage, supply, distribution, marketing or control of any goods/articles, indicate : **The proposal relates to production and sale.**
 - i) Names of goods/articles : **Ferro Nickel**
 - ii) Proposed licensed capacity : **15,000 Tonnes per annum**
 - iii) Estimated annual turnover : **Rs. 10500 Lakhs**
8. In case the proposal relates to the provision of any service, state the volume of activity in terms of usual measures such as value, income, turnover, etc. : **Not applicable**
9. Cost of the project : **Rs. 7500 lakhs**
10. Scheme of finance, indicating the amounts to be raised from each source :

	<u>Rs. in Lakhs</u>
Equity capital	2500
Borrowings from Financial Institutions and Banks	3916
Deferred payment financing	1084
	7500

Any person interested in the matter may make a representation in quadruplicate to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

Dated this 27th day of September, 1989

For Indian Metals & Ferro Alloys Limited
K K AYYAR
SECRETARY

The committee has also suggested that in regard to overseas joint ventures or wholly-owned subsidiaries, only *post-facto* approval should be needed for investment to expand or diversify their existing activities. The department of company affairs and the Directorate-General of Technical Development (DGTD) should give their clearance in the inter-ministerial committee meeting itself, instead of giving separate approvals.

Coal target

An investment of Rs.20,400 crore during the Eighth Plan has been suggested by a working group to achieve a production of Rs.328 million tonnes of coal and lignite by 1994-95. This includes production of 304.45 million tonnes of coal and 23.50 million tonnes of lignite. The investment in the coal sector is put at Rs.16,304 crore and in the lignite sector at Rs.3,830 crore. Another Rs.256 crore has been recommended for investment in research and development ac-



tivities. The working group headed by the Union coal secretary has put the total demand for raw coal in 1994-95, the terminal year of the eighth plan at 312.20 million tonnes. About 4 to 5 million tonnes of coal will have to be imported.

Excise contributions

The chairman of central excise and customs K.L. Rekhi has said that while the small-scale sector's share is half the total indus-

trial production in the country, its contribution to central excise and customs was only Rs.400 crore. Addressing a meeting of the Federation of Engineering Industries of India in New Delhi last fortnight, he said of the Rs.400 crore, Rs.100 crore is given back to this sector as subsidy by way of national credit for MODVAT. On the other hand, the organised sector whose share is half the industrial production of Rs.170,000 crore, pays customs and excise tariff of Rs.22,000 crore. Almost Rs.85,000 crore of industrial production is left out of the tax system. Rekhi claimed that in developed countries there was no differential tariff for the small-scale sector, and called for a full rationalisation of the duty structure.

Trade fair

The India International Trade Fair was inaugurated at New Delhi's Pragati Maidan by the President R. Venkataraman on 14 November. Over 350 companies from 30 countries had on display some of their best products. Over 160 Indian companies, public as well as private, also participated, in addition to state governments and central ministries. "Essential oils, fragrances and flavours" was selected as one of the special displays at the exhibition to synchronise with the Eleventh International Congress of essential oils and fragrances held in the capital from 12 to 16 November.

Italian scheme

Italy, in league with the United Nations Industrial Development Organisation, is working on a scheme that will lead to tie-ups between Indian and Italian firms in the food processing sector. The proposed scheme is to be funded by the World Bank. This was revealed last fortnight in New Delhi by Dr.R. Orlando, chairman of the Italian section of the India-Italy joint business council. Once the scheme takes off, five to six Indian companies in the medium scale sector will be "married" to a similar number of Italian companies.

Telecom import needs

Sam Pitroda, the chairman of the Telecom Commission and advisor to the cabinet secretariat on technology missions, has said that 50 per cent of the total equipment required by the telecommunications sector during the Eighth Plan will have to



be imported. Pitroda, who was addressing a meeting organised by the Confederation of Engineering Industry in New Delhi last fortnight, said the telecom sector would require equipment worth Rs.10,000 crore during the Eighth Plan of which about Rs.5,000 crore worth will have to be imported.

PSUs' good show

Central Public Sector Undertakings (PSUs) have shown a "remarkable" performance in terms of profit, production, resource mobilisation and employment generation in 1988-89, according to a government press release. The PSUs earned a net profit of over Rs.3,000 crore during the year compared to Rs.240 crore five years ago in 1983-84. This is the highest ever profit achieved by the undertakings. The percentage of net profit to capital employed which was only around 0.8 per cent in 1983-84 has increased to 4.39 per cent in 1988-89, despite the presence of a large number of sick enterprises that were taken over from the private sector to sustain production and protect employment. These enterprises have also generated gross internal re-

sources of about Rs.30,000 crore during the last five years and contributed more than Rs.60,000 crore by way of dividend, corporate tax, excise, customs and other duties to the exchequer.

BICP enquiry

The textiles ministry has ordered a fresh Bureau of Industrial Costs and Prices (BICP) enquiry into the costing of all manmade yarns — polyester filament yarn, nylon filament yarn, polyester fibre and others. For the time being, the textiles secretary R.L. Misra has told viscose filament yarn units to roll back prices to August 1989 levels for supplies to co-operative societies alone. Also, the nylon industry has been ordered to stick to the recent pact with Surat weavers under which the agreed prices are not to rule above market rates. This decision was taken at a meeting of spinners of various yarns with Misra in New Delhi last fortnight.

Plea for concession

The concession enjoyed by 100 per cent export oriented units (EOUs) and those in export processing zones (EPZs) may also be extended on a pro rata basis to other units which export more than 33 per cent of their total production. A recommendation to this effect has been made by a high-level panel set up by the commerce ministry to evaluate the performance of large industrial houses. The panel headed by the special secretary in the ministry, Surendra Singh has also advised that different concessional packages can be evolved for units exporting between 33 and 50 per cent and those exporting more than 50 per cent of their production.

LABOUR

Khadi workers

The Khadi Village Industry Service Workers Association has urged the prime minister Rajiv Gandhi to nationalise the private handloom industry. The as-

sociation wants the government to fix a minimum basic pay of Rs.750. It has also demanded that a commission be set up to review the service conditions of the 10 million workers in the industry.

IA engineers' threat

The ministry for civil aviation proposes to set up a wage board for the aviation sector which will look into the pay structure of employees of both Indian Airlines and Air India. This proposal has been mooted against the backdrop of strikes and tool-down by the workers without any notice. The major consideration

for suggesting periodic revision will be the paying capacity, the fare structure and productivity. It will also establish wage parity between Air India and Indian Airlines. Indian Airlines engineers are currently demanding parity with Air India wages. The engineers have threatened to go on strike on the issue and though the chief labour commissioner is handling the matter, there seems to be no agreement in sight.

SCI staff shortage

A number of Shipping Corporation of India (SCI) vessels are held up at different Indian ports

because of a shortage of navigational staff. SCI sources fear that more vessels will be held up since the shortage situation shows little prospect of coming to an early end. The shortage is estimated at as much as 50 per cent; against SCI's requirement of 800, the present strength is hardly 400. On the engineering side the current strength is 1,000 against the requirement of 1,300.

To tide over the crisis, the SCI management has decided to requisition the services of some private shipping management companies.

FIEO wants changes

The Federation of Indian Export Organisations (FIEO) has suggested substantial modifications in the present labour laws, to ensure that production in 100 per cent export-oriented units and those located in free trade zones (FTZ) is not adversely affected due to go-slows or strikes.

In a paper submitted to the Board of Trade, the FIEO president Ramu S. Deora said that current labour laws are highly protectionist and suggested they should not apply to 100 per cent export-oriented units and those located in FTZ's. Mean-

while the commerce ministry has tightened the policy governing the 100 per cent export-oriented units.

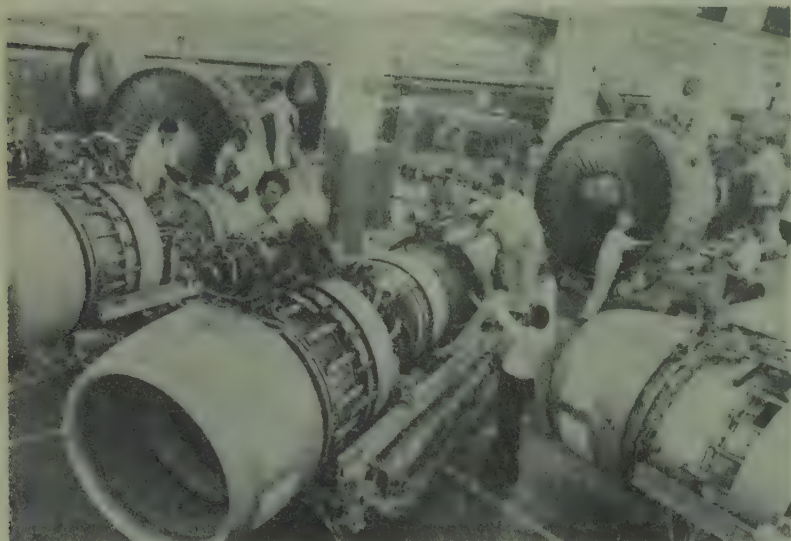
IOC workers' strike call

Workers and employees of Indian Oil Corporation have threatened to go on strike for 3 days in December in protest against the non-settlement of their bonus demands.

This decision was taken at a meeting held in Calcutta last month according to Amar Ganguly, convener of the All India Co-ordination Committee of the unions of IOC.

Workers' holding in Northbrook Jute

The Northbrook Company Ltd, a sick unit at Champdany will re-open soon with workers having a 51 per cent stake in the company. According to a memorandum of understanding signed between its erstwhile owner, Suresh Ganeriwala, and the trade unions, over 3,000 workers in the mill will take 51 per cent of Northbrook's paid-up capital of Rs.3.80 lakh, while Ganeriwala and his associates will retain 49 per cent.



DIARY

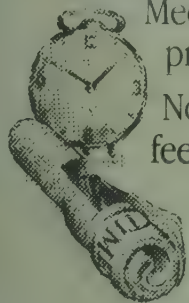
DATE	SUBJECT	ORGANISER	VENUE
23, 30 November	Project planning implementation and monitoring	Foundation for Organisational Research & Education	Apartment Hotel, The Old Anchor, Goa
8 December	Promoting a participative and positive work culture	Industrial Relations Institute	Taj Mahal Hotel, Bombay
27 November-2 December	Fifth programme on project planning & management for rural development	Administrative Staff College of India	Bella Vista, Hyderabad
29, 30 November	Corporate purchasing	Creative communication and Management center (Phone 273006)	Taj Mahal Hotel, Bombay
1 December	Central excise	Bombay Management Association (Phone 2047650, 2049698)	Hotel Oberoi Towers, Bombay
7-9 December	Tax management and administration	Institute of Tax Management and Administration (Phone 4930349)	Hotel Oberoi Towers, Bombay
7, 8 December	Corporate tax planning	Creative Communication and Management Center (Phone 273006)	Claridges Hotel, New Delhi

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BUSINESSMEN IN THE NEWS

J.N. GODREJ

With the winds of liberalisation blowing away cobwebs of inactivity, Indian industrialists are now thinking in international terms. J.N. Godrej, chairman of the Confederation of Engineering Industries (Western Region), recently organised a two-day seminar on world class automation and flexible manufacturing. More than 200 delegates

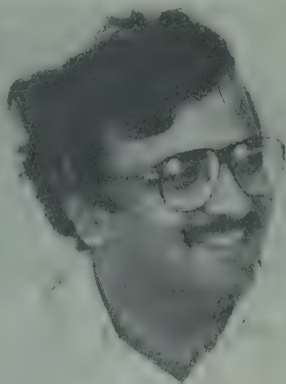


vice chairman, Modern Group of New Delhi (Modern Woollens, Modern Suitings, Modern Synthex, etc). While these projects are expected to be launched in 1991, the group has also plans to set up a Rs.300 crore PVC project.

That's not all. "Next year, we plan to enter the field of readymade garments, 80 per cent of which will be earmarked for exports," says Jajoo. The garments, basically suits, trousers and blazers, will be made out of worsted suitings."

C.S. SUNDER RAJU

The Bangalore-based Sunray Computers Private Limited plans to set up a Rs.1.5 crore export-oriented unit for manufacture of PCs at Bangalore by 1990. Says its executive director, C.S. Sunder Raju, "We will have no problem marketing them. Our major market will be the USSR. In a year, our collaborator Charles River Data System (CRDS) of the US will also help in our marketing effort. We feel it



R.K. JAJOO

"We are thinking in terms of going in for gas-based industrial projects in Andhra Pradesh, though the source is yet to be identified," discloses R.K. Jajoo,

will not be difficult to achieve a turnover of Rs.25 crore by 1991."

The Rs.12 crore turnover company has lately launched the Sunray PC range, claimed to be the only one of its kind in the country having uninterrupted power supply with battery back-up. "We are leaving no stone unturned to push the products," says Sunder Raju. "The company has planned to address both non-metro towns and first time users, as in the organisational sectors in the metros, aggressively."

A.L. VADIVELU



A.L. Vadivelu who already heads two Madras based finance companies, Mercantile Credit Corporation (MCC) and Coromandel Finance is promoting another finance company — Excel Finance Ltd (EFL).

Vadivelu has a unique plan to get the Rs.1.80 crore EFL public issue subscribed to. MCL has 12,000 'Mercard' (credit card) members who can subscribe to the issue by a mere Re.1 as application money, while the balance will be charged in nine equal instalments of Rs.1.10 per month to the Mercard account. This will commence three months after application. Thus the Rs.10 face value share will be available to Mercard holders at Rs.10.90.

"EFL will concentrate on consumer financing and in funding purchases of consumer durables. It will also undertake leasing activities but this will be restricted to the extent of sheltering profits for tax purposes," says Vadivelu.

UDAYAN BOSE



After a long, uncertain wait, his dream has finally come true. The first Indian venture capital company in the private sector, Credit Capital Venture Fund (I) Ltd (CVF) was launched on 16 November in Bombay, with a symbolic signing ceremony of its promoters.

"Our objective is to provide venture capital for viable projects, particularly those engaged in exports and ancillary manufacture," said Bose, who has assumed the designation of deputy chairman and managing director.

The first private sector venture capital fund, CVF is also perhaps the first to have four different types of promoters — the Bank of India, a nationalised bank (21 per cent stake in the Rs.10 crore equity), Credit Capital Finance Corporation (CFC), a private merchant bank headed by Bose, (20 per cent), Asian Development Bank, a multilateral Asian financial institution (12.5 per cent) and the Commonwealth Development Corporation, a British government-owned financial institution (12.5 per cent).

PRAVIN P. SWADIA

Pravin P. Swadia, chairman and managing director of Fusion Polymers is once again tapping the capital market to finance the company's expansion and diversification plans.

According to Swadia, "the



company has achieved a major breakthrough by developing new hi-tech products, like the plastic fuel tank for use in diesel vehicles which would increase the fuel efficiency."

"The company commands 8 to 10 per cent of the water and chemical storage tanks market and will be soon introducing insulated ice boxes with double wall thickness in one piece," says Swadia.

MICHAEL GLYNN

As yet, breathing safety apparatus is a little known product in India, but Michael Glynn makes lots of money out of it. His UK company, Sabre Safety Ltd, manufactures such equipment for fire fighting and fire escape for the mining, nuclear, oil exploration and chemical industries, with annual sales of about Rs.50 crore.

Glynn has now joined hands with Vijay Fire Protection System Ltd to set up a joint venture in India. "We see India as a big

market, and it is always better to manufacture here locally," he says. The joint venture, Vijay-Sabre Ltd, will set up a Rs.4-crore project near Bombay to manufacture breathing safety equipment.

HUGUES ALEXANDRE TARTAUT

Following a grand publicity build-up, the famous French designer label finally came to town. Heading the Yves Saint Laurent caravan, is no, not the celebrity couturier himself, but Hugues - Alexandre Tartaut, who is in charge of YSL's foreign and cultural affairs. For Tartaut who calls himself "an international

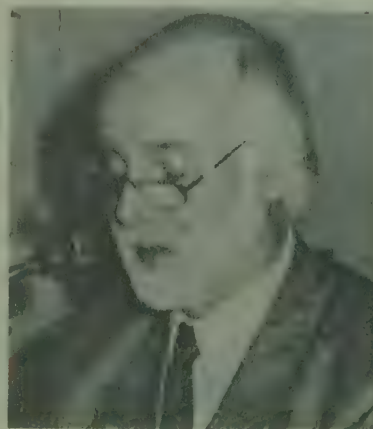


consultant," and has worked earlier with Pierre Cardin, this is his nth visit to India since last year when the fashion house was invited to take part in the cultural exchange between the two countries.

So, first on the objectives list, is to forge those cultural links. As Tartaut says, "My job is to make people understand who Saint Laurent is." And then comes business. In the long term, Tartaut reckons collaborations could be possible. "We'd like to bring international fashion, not strictly haute couture, to India.

ARMIN STADER

Armin Stader, project manager of the GDS International Footware, popularly known as the "Dusseldorf Fair", was in Ma-



dras recently, "to study the development and prospects in India, and to explain the importance of this fair", to Indian manufacturers.

"The GDS is 34 years old in the field of fashion fairs and is held in March and September every year", says Stader, whose last expo attracted over 1000 exhibitors from 40 countries, including 26 from India. "Henceforth, the fair should be attractive to leather product manufacturers as well, since the GDS will allow display of accessories," says Stader.

ZBIGNIEW ZDANOWICZ

"Given the increasing use of PCs, this is the right time to get into the LAN (Local Area Networking) market in India", observes Zbigniew Zdanowicz, program manager, Novell GmbH, who was in India last fortnight. His company has entered into an arrangement with Microland Electronics Private Limited (MEPL) to set up Novell Authorised Education Centres (NAEC)

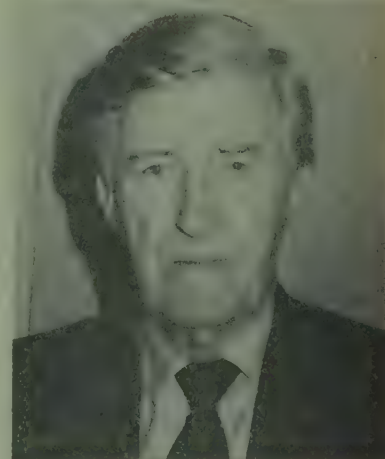


and to sell Novell Products.

"MEPL has the requisite computer experience, contacts and capital", says Zdanowicz. The Indian company will set up 5 such centres in a phased manner.

MEPL will concentrate on imparting training related to Local Area Networks, to corporate users and students with a grounding in handling computers. "Novell has 60 per cent to 70 per cent of the LAN market in the US, and 50 per cent of this market in Europe", says Zdanowicz.

GEORGE MEAGHER



George Meagher, chairman of the Canada-India Business Council and Dilworth, Secord, Meagher and Associates Ltd (DSMA), who was in India last fortnight, feels that Canadian businessmen can tap a significant share of the Soviet market opportunities by working jointly with Indian partners to "enhance India's already substantial trade relationship with the USSR and currency exchange benefits".

Although the DSMA has joint ventures with the Tatas, their efforts at striking collaborations in the fields of nuclear power and aerospace has been curtailed significantly. "This is due to conflicts that our respective governments perceive in respect of defence policies and alliances," says Meagher. This has forced the DSMA to look for business in "less exotic fields", he adds.



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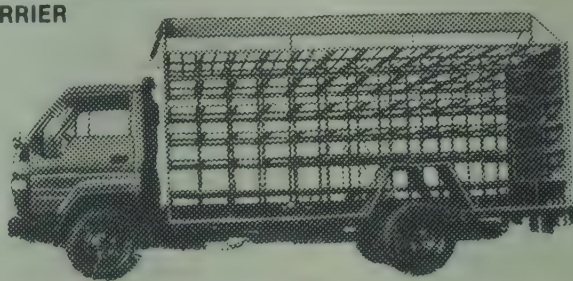
* DYNA-600 is a variant of DYNA 300.

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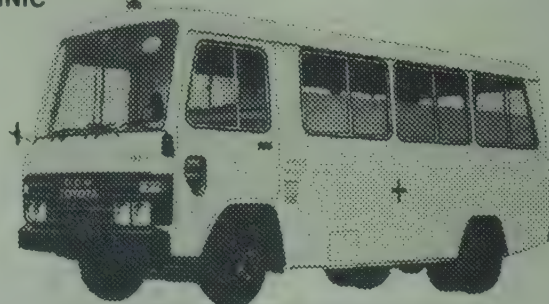
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INDIAN AIRLINES

Grounded aircraft, soaring losses

Operations of the Indian Airlines Corporation (IAC), which are confusion-ridden at the best of times, have been thrown into utter chaos since its aircraft maintenance engineers began agitating on 6 November. The number of flights has been steadily dwindling as more and more aircraft are grounded; in the meanwhile, the airline's losses are mounting.

The agitation began when the All India Aircraft Engineers' Association (AIAEA) directed its members, who are maintenance engineers in IAC, not to attend the training course for the newly inducted Airbus A 320 aircraft until their demands were met.

Long overdue. The engineers have been trying to pressurise the management to formalise the last part of a new agreement, for which three memoranda of understanding (MOUs) have already been signed, two last year and a third in February this year. The agreement has been held up on the questions of pay parity with Air India, which would involve a hike of Rs. 1,500 for each engineer, and proper training equipment for the Airbus A 320 at the Engineers' Training School at Hyderabad. And this despite the fact that the earlier agreement had expired on 1 October 1985.

While the airline's management says that demands for a bigger pay packet are usually accompanied by those for improved training, what it is finding difficult to understand now is the engineers' aversion to the current training programme,

which has been approved by the manufacturers, the International Civil Aviation Organisation, and the Director General of Civil Aviation. "There is nothing wrong with the training programme," says A.K. Sivanandan, chief PRO at Indian Airlines. Presently, training is imparted on an aircraft maintained at the training centre for the purpose. However, sources reveal that orders have been placed for two simulators and these should arrive by December. **"Misleading allegation"**. Says J. Satyanarayan, regional chairman of the AIAEA, "We have only requested that the training programme at Hyderabad be postponed until they get the maintenance simulator and the Visual Aided Computer Based Instructor (VACBI). This is very essential to train engineers in the maintenance of the sophisticated fly-by-wire A 320s." However, airline officials aver that "a simulator is not considered mandatory in any approved training programme by any regulatory authority. The allegation that the training has not been updated, on account of non-availability of a simulator, is misleading."

The management maintains that the engineers' refused to endorse the MOU signed in February, by eight associations of the airline's employees, only because their counterparts in Air India got a hike in salaries after they signed the MOU.

But is the demand for parity with Air India justified? "It does appear to be unjustified," says S. Dayal, chief labour commissioner (central), who is mediating between the AIAEA and the management. Dayal argues that the conditions under which the two airlines function are so different that parity cannot be justified. How-

ever, the AIAEA points out that since 1965 the principle of parity has been accepted in all wage negotiations.

According to Satyanarayan despite the addition of several aircraft to the fleet in the last few years, there has been no review of the standard force of engineers. "The present force," he says, "is grossly inadequate to handle the increased number of aircraft. Because of this, we have to work overtime."

Satyanarayan now alleges that, while the reconciliation talks were on, the management placed 19 engineers who refused to attend the course off the rosters — meaning that they could sign attendance but not certify aircraft. The AIAEA then asked all its members to remain off-rostered and not to certify aircraft.

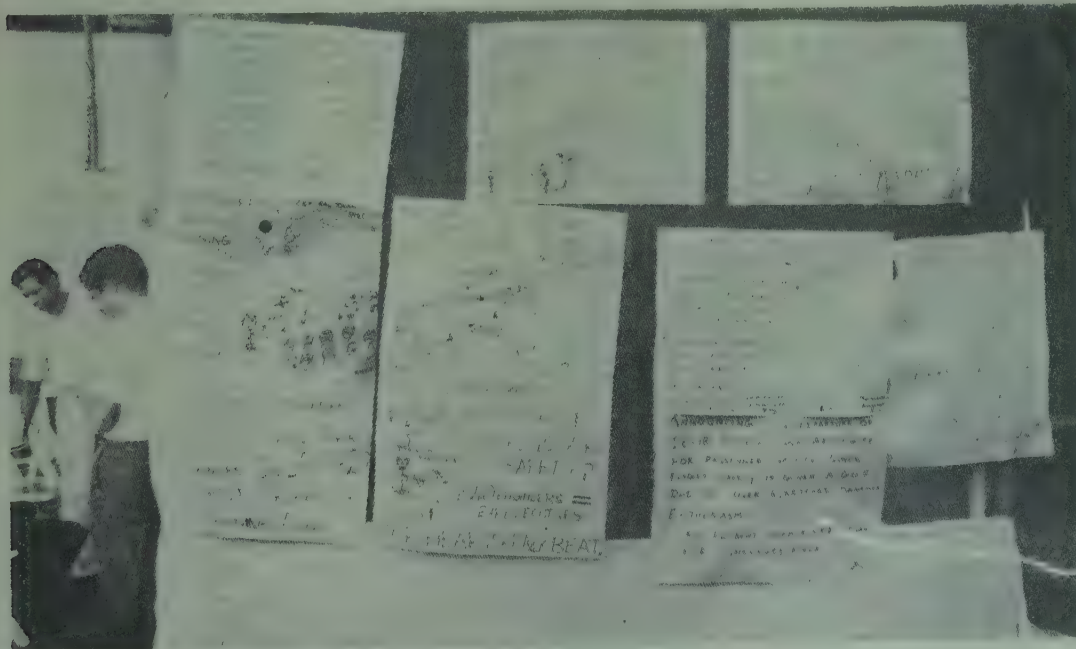
Following this, the management served around 50 reversion notices, asking engineers on probation to show cause why their probation should not be terminated and demoted. Moreover, nearly a 100 of the airline's 700-odd engineers were charge-sheeted.

Sweating it out. Though reconciliation talks are now on, there are no maintenance engineers to certify aircraft as safe for flying. Aircraft are often grounded for four to five hours while airport authorities look for someone to certify them. In some cases, the airconditioning has been switched off after passengers have boarded the aircraft and they have had to sweat it out for hours in their seats.

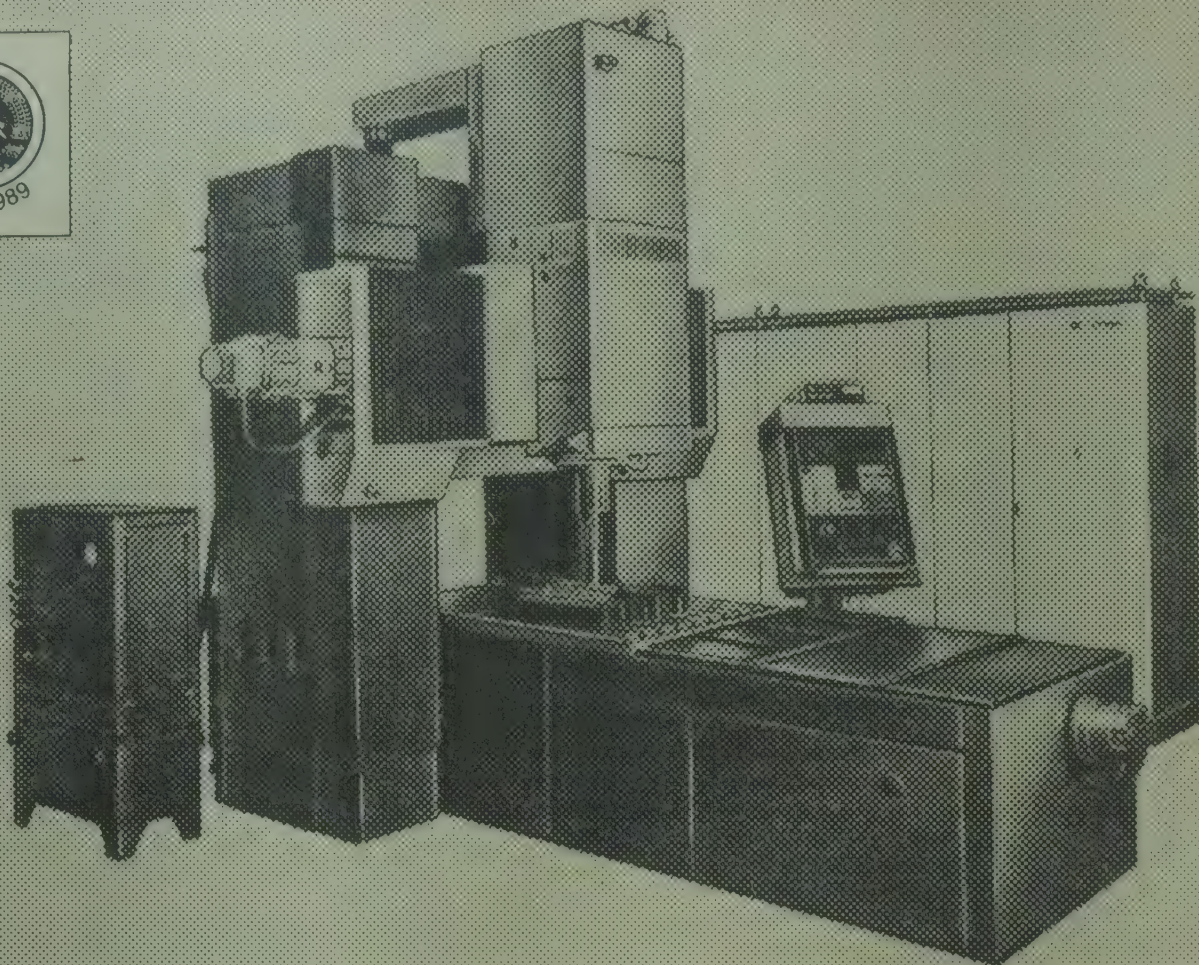
In the meanwhile, the management has roped in the company's 150 executive engineers to certify aircraft. Though these executives still hold their maintenance engineering licences, Satyanarayan feels that they are not competent enough to certify the aircraft since they are out of touch with the job. He points out that "the maintenance engineers have to do a refresher course every 18 months while this is not required of the executive engineers". Last week, the Indian Pilots' Guild directed its members not to fly aircraft that they are unsure of, even if it is certified by the executive engineers.

Meanwhile, the maintenance engineers' agitation has cost the airline dearly. The losses so far, due to cancellation of flights and rescheduling, among other factors, has mounted to over Rs. 12 crore. How much more the airline will lose in terms of money and the goodwill of passengers is anybody's guess as there seems to be no end in sight to the agitation.

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UNCLEARED FILMS

An expensive pile-up

Raj Babbar may be the apple of V.P. Singh's eye but he is a *persona non grata* in film processing laboratories. More than a dozen of his starrers are lying uncleared in Bombay labs alone. The reason? To use a Hindi filmwallah's parlance, because 'Raj Babbar's market is down.' In other words, no distributor is buying any film in which the actor is the only hero. One of them, *Andher Gardi*, is finally seeing the light of the projector beam after lying neglected in Bombay's Adlabs for the last 8 months.

Others have not been so lucky. According to one estimate, more than 1000 Hindi feature films are gathering dust in four major and two minor labs in Bombay. Of these, about 300 are piled up in Bombay Film Laboratories Private Limited. Says managing director Hosi Wadia, "In the last 5 years, the casualty rate has shot up dramatically. Uncleared films have become a serious problem for us."

Aborted ventures. A lot of money is stuck on these aborted ventures. On an average, 80 rolls of 'raw stock', of 1000 feet each, are exposed for a Hindi film, the processing bill for which comes to about Rs. 7 lakh. Thus, around Rs. 70 crore is lying blocked in unreleased films in Bombay alone — an amount with which Satyajit Ray can make about half a dozen films.

Contrary to popular opinion, the films are stuck not because the cinema business is on the downslide. On the contrary, the 1350 cinema halls all over the country have been found to be insufficient for the large number of films being made. On an average, three new Hindi films are released every week. Ironically, the major reason for the pile-up has been this plethora of films being made. A decade back, 50 Hindi films were produced in a year. Last year, there were 115. It has suddenly become a buyers' market. Around 800 Hindi feature films are in various stages of production right now. Of the films ready for release, 60 per cent have not been bought for the simple reason that distributors now have a wider choice.

The influx of a large number of 'outsiders' into the cinema business has also added to the problem. Attracted by the glamour associated with the field, a number of people from other cash-rich businesses like construction, diamond exporting and garment manufacturing have been jumping into the fray in recent

times. The chance to watch the stars at work from close quarters, throw private parties for them, and accompany them on outdoor shooting spells are temptations too difficult to resist, never mind the expenses involved.

The results of their forays into the new business, however, have not always been encouraging. "Film-making is a complicated business. You just cannot pick it up overnight", says Manmohan Shetty of Adlabs. "A B.R. Chopra, Gulshan Rai or Subhash Ghai knows the ins and the outs of the business but the same cannot be said of the star-struck new entrants". The newcomers may have all the money they possibly need but because of their inexperience, their films get stuck somewhere along the way.

Ego problems. Pampered stars and their king-size egos have also led to this problem. For instance, actor Raj Kumar, notorious for his eccentric ways, is believed to have held up films like *Ulfat* and *Galiyon Ka Badshah*. Sometimes, though, a sudden dip in an actor's popularity has also led to disastrous consequences. This has happened in the case of Suneil Anand, whose *Main Tere Liye* has been lying uncleared at Filmcenter for the last 3 years even though it has been directed by Vijay Anand, one of the best professionals in the scene today. While no clear-cut solution is in sight, the film industry is thinking of asking the government to start regulating the production of films. According to an official of the All India Film Producers Council, one proposal is to ask each prospective producer to furnish a release

guarantee against a stiff deposit, non-refundable if the film gets stuck mid-way through.

But since the government does not even recognise Hindi cinema as an industry, the solution, if any, will have to come from the film folks themselves. What is not widely known is that ever since the advent of the movies, Hindi film producers have been extended generous credits for the processing of their films. Some people have now started going against this trend. Wadia, for one, has stopped accepting films by fresh, untried producers or directors. "I might lose financially at the outset but it will definitely help me in the long run", he says. Another solution could lie in lab owners coming together and deciding to do away with the credit system in the future. But knowing what a divided house the film industry is, this is easier said than done.

Till a practical, long term solution is found, those discarded cans of films in lab godowns will continue to gather dust and new additions will continue to be piled up on them. The world's largest film industry will continue building the edifice for the world's largest film morgue.

RAJU BIST

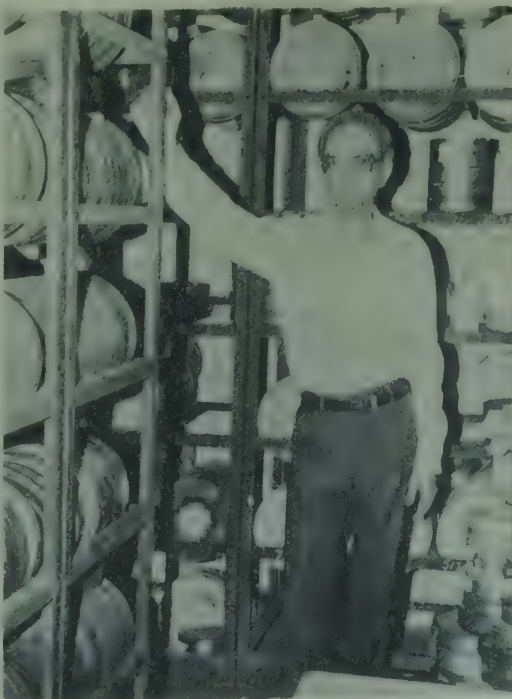
RANIGANJ MINE DISASTER

Safety last

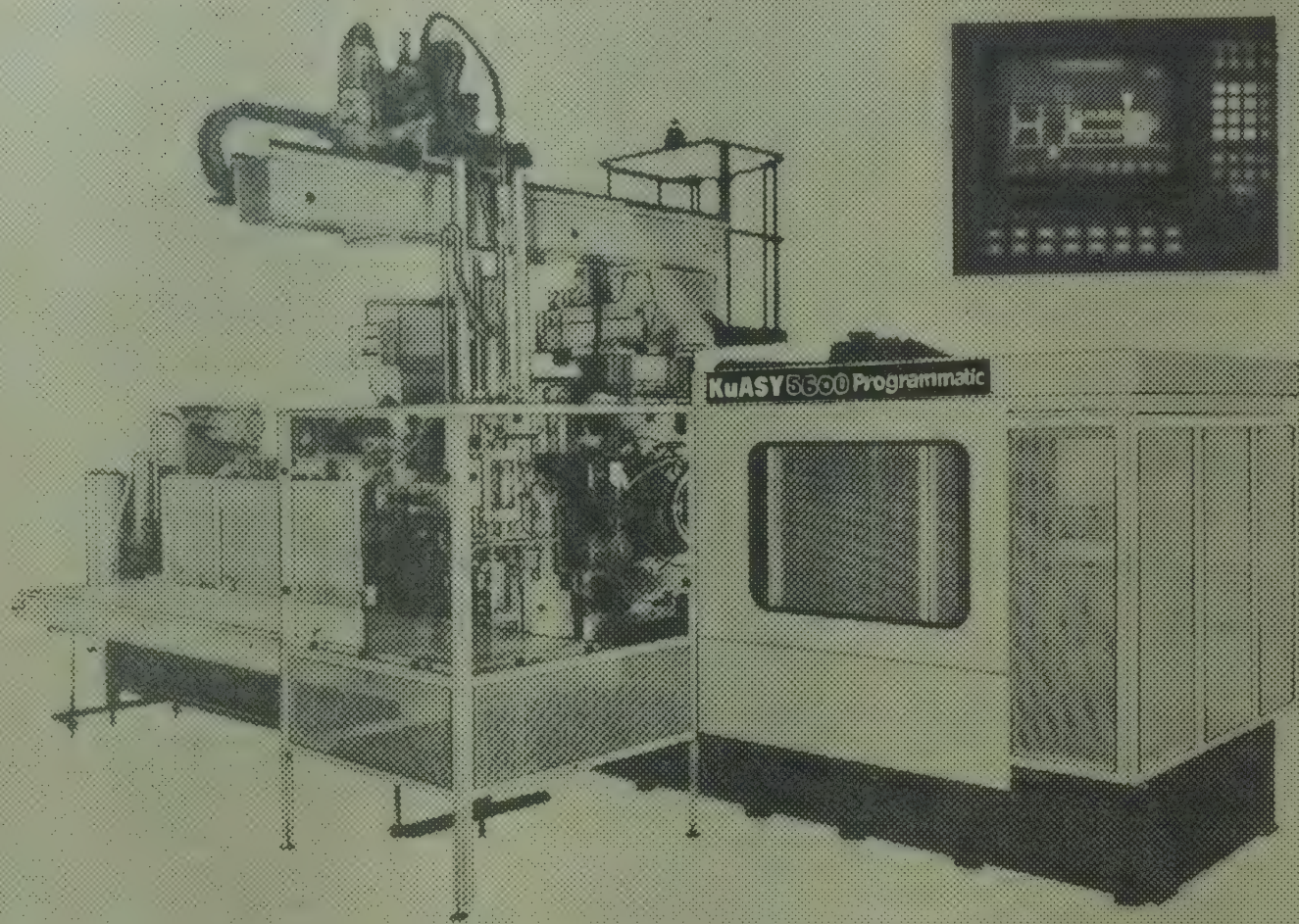
Coal miners in eastern India won't be allowed to easily forget the Chasnala mines disaster of 1975 which killed 372 men. Coal India authorities had just begun thinking of re-opening the mines with Hungarian know-how when the roof caved in on the Mahabir coal mines at Raniganj in West Bengal on 14 November. The Mahabir mines are less than 75 kilometres from Chasnala.

In the wee hours of 14 November the miners, after completing their shift were about to come out of their pits when they heard "a sound like a locomotive train hurtling at top speed". And before they could even scream for help, water gushed into the pit creating a mad scramble for the exit. Many managed to come out of the pit, but 71 miners remained trapped in the "dungeon" for three days.

Rescue effort. Coal India Ltd (CIL), the parent company which controls all coal mines, however, has earned kudos for its prompt rescue efforts which saved 66 lives. The hole bored in the earth and the



Wadia: "casualty rate has shot up"



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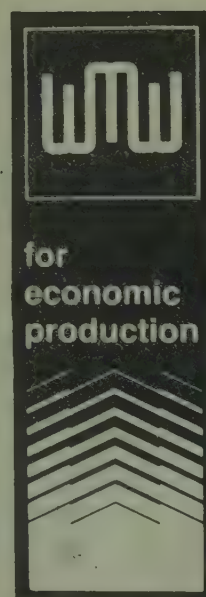
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capsule sent through it to extricate the miners happened to be the first time the technique was being tried out in India. But the disaster has cast doubt on the safety measures implemented by CIL in its mines.

The susceptibility of Raniganj to mine disasters is well known. Mining started in the region more than two centuries ago, as a result of which there are several abandoned mines in the belt that extends over 1,550 square kilometres. Some of the abandoned mines are without any support structures. Every year during and after the monsoons, several of these collapse leading to houses and fields submerging into depressions that are at times 100 feet deep.

In addition to this, the proximity of the mines to the river Damodar increases the danger of disasters. In the present case, the miners did notice water seeping through the walls at about 3 AM, but paid no particular attention, as the seepage was normal. Suddenly, an adjacent abandoned mine apparently collapsed and water started gushing in. The mines began flooding from 4 AM. As the water level in the pit rose, the miners clambered to a spot at a higher elevation and were eventually rescued. Five of them apparently could not make it.

Though the authorities have always been aware of the vulnerability of the Mahabir mines to collapses, the safety measures taken have not been adequate. A few years ago at Ramjibanpur collieries, 28,000 tonnes of slurry were pumped into the abandoned mines to prevent col-

lapses. The process, however, was not continued as no foolproof method to locate these 'pits' exists, besides being too expensive.

Contractors assigned to fill in empty mines are also known to have left many mines unfilled resulting in the formation of small underground 'reservoirs'. This is particularly dangerous, as blasting during the digging of fresh mines can damage the walls between a reservoir and a mine being worked.

Residents endangered. As a result of the frequent collapses of the underground mines and the flooding, a large amount of water from the river Damodar is sucked into the pits. Consequently, the general level of the water table in the Raniganj area is going down. Says Haradhan Roy, whose relentless campaign to have the residents shifted away has failed to move the authorities to act, "The place is virtually floating on a huge reservoir. Once the water level descends further it will mean the end of the region's 100,000 population."

The safety record of the coal industry after nationalisation has not been particularly good. According to the Director General for Mines Safety (DGMS), 159 persons died in 139 accidents inside mines last year. But pit managers continue with a lackadaisical attitude, though it is a fact that most of the dangerous mines have been rendered so due to a neglect of safety precautions during mining before nationalisation. The DGMS named Coalfields as one of the three mining companies with an extremely poor record. The

reason for the callousness is obvious: higher productivity. So what if, in the bargain, a few miners die?

SHEKHAR GHOSH

TRANSPORT

Hire-and-drive cars

The car hire business appears to have come of age in the country. Wheels Rent-a-Car, a division of the Transport Corporation of India (TCI) is formally launching its rent-a-car scheme under the licence of the world's largest car renting company—the \$ 2 billion-a-year US-based Hertz Car Rentals.

The rent-a-car scheme is operative in six Indian cities from 9 November. The company already has a fleet of 72 cars and hopes to increase this number to about 200 in the next seven or eight months.

Cautious approach. However, Wheels is treading cautiously and will initially provide chauffeurs with the cars, at least till the end of this year when it hopes to introduce the self-driving scheme which will allow clients to hire a car in one city, drive it to another and leave it at the company's office there.

The success of this scheme depends entirely on Hertz's 70-year experience in this business. This multinational company with a fleet of 350,000 cars operates from 4,700 locations in 120 countries. A network of 22,000 travel agencies around the world are connected to Hertz's computer reservation system. This enables clients to book cars abroad before actually starting on their journey to that country.

According to Warerkar, vice-president (projects and finance) of TCI, the US company will provide the technical knowhow for documentation, fleet movement and management. It will also train TCI's personnel and develop its marketing strategies. All this for a return of a percentage of the rentals.

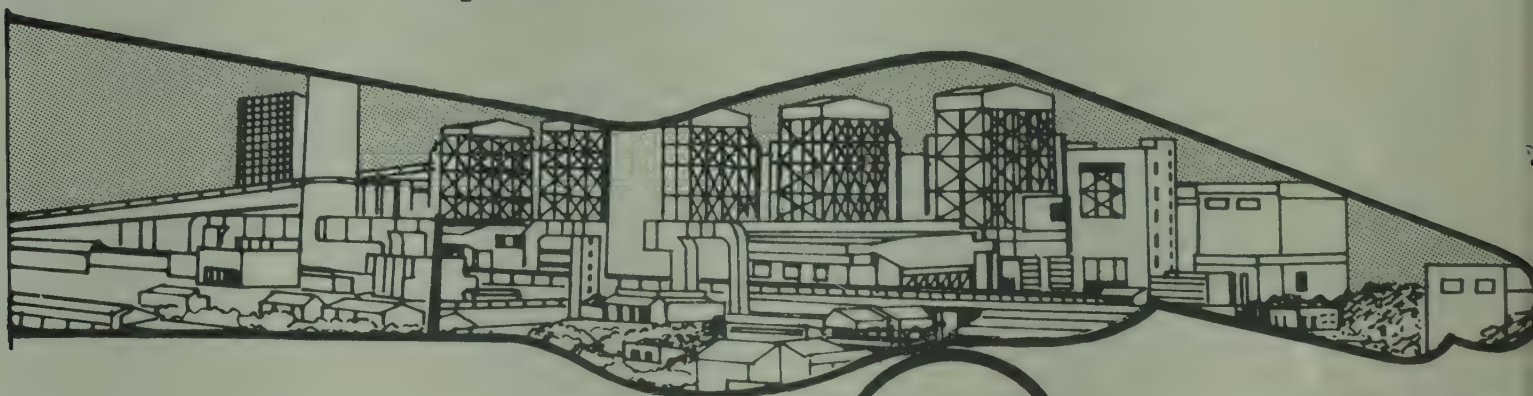
Although the scheme was first conceived by TCI in early 1986, it could be implemented only after the new Motor Vehicles Act came into force earlier this year.

The provisions of the Act now allow state transport authorities to issue national permits for operating tourist taxis. Earlier, these were issued by the state authorities out of a quota allotted to each state by the Central government. Another major change in the Act is the provision



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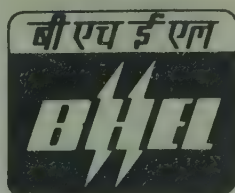
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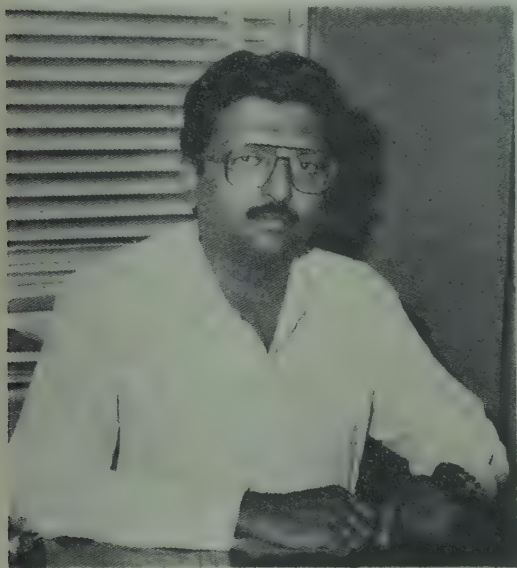
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for rented cars to be driven by clients themselves under the rent-a-cab scheme. This was not provided for in the old Act.

The Act, however, stipulates that a firm operating a rent-a-car scheme should have at least six offices and a minimum fleet of 50 cars at its head office, in addition to at least five cars at each of its other offices. Half the number of cars must be airconditioned. Besides, all the offices must have telecommunication and garage facilities. As this will require an investment of over Rs. 1 crore, a little on the high side, this has proved to be a major deterrent for many companies wanting to enter the field, according to S.K. Sagane, transport commissioner of Maharashtra.

How effective? Sagane, however, is unsure about the efficacy of the scheme in a country like ours. "Given the poor condi-



Warerkar: learning from Hertz

tion of our roads, driving becomes tiresome. Tourists looking for comfort will prefer to travel by rail or by air," he says. "In countries where there are autobahns and other high-speed highways, driving is not only comfortable and quick, but also a pleasure. Also, in these countries, the services of chauffeurs are very expensive. Given our wages, our tourists, even if they were to opt for hired cars, would prefer to have them chauffeur-driven."

Meanwhile, other American rent-a-car companies are making inroads into this business here in India. Budget has signed an agreement with Sapna Tours, Travels and Leasing Pvt Ltd of New Delhi while Eurocar is coming in via an NRI. Avis, another well-known international name in the rent-a-car business, is also expected to enter the market soon.

ALCYSIUS FERNANDEZ

GOLD COLLECTION CUM DELIVERY

Madras gets into the act

The long awaited Gold Collection cum Delivery Centre, at Madras, formally commenced functioning from 27 October. Hitherto, licensed jewellers in the southern states had to journey to Bombay to get their old gold refined, and to obtain an equivalent amount of gold in standard bars. The Bombay mint handled the refining of old gold, and licensed jewellers could either approach the mint directly or operate through wholesale gold jewellers in Bombay who bought the gold from them.

The opening of the Madras centre represents a step in the process of decentralising the refining operations of the Bombay mint. The maximum recycling of gold, to the tune of 55 to 60 metric tonnes per annum, takes place in India. And this is despite the fact that the Gold Control Rules do not permit licensed jewellers to refine more than 100 grams of gold daily in the process of making jewellery. The load on Bombay for refining gold from licensed jewellers alone therefore was considerable. To disperse this load, centres were set up in Calcutta and later at Ahmedabad (1984).

Much lobbying. Though the Madras centre was sanctioned as far back as 1984 it took much lobbying by leading jewellers in the south before it was actually implemented. Some maintain that wholesale gold merchants in Bombay, who stand to lose a major chunk of the southern business, may have put up obstacles to its opening. Now, with the establishment of a centre at Madras, jewellers of the city will be spared the time, risk and expenditure involved in shipping gold to Bombay. It is also expected to have an impact on the price of gold in Madras though this is not yet visible.

By avoiding the journey to Bombay, jewellers in Madras will save about Rs.10 per gram of gold, normally spent on freight charges, security arrangements at Bombay and other incidental charges. "An average of Rs.5 per gram can be passed on to the consumer," says Vummudi Nandagopal, president of the Federation of Jewellers of the Southern Region. He adds that "this centre will go a long way in boosting the jewellery trade in the south, since the conversion of old gold into standard bars will now be easily done."

The Madras centre has been equipped



Goel: exports will pick up

with the latest imported weighing machines and furnaces at a cost of Rs.50 lakh. Located in Mylapore, the centre will hold a substantial buffer stock of standard gold to be delivered to licensed jewellers against the collection of old jewellery. "According to estimates, about 15 to 20 kg of gold will be handed over to us daily," says D.K. Goel, deputy chief assayer.

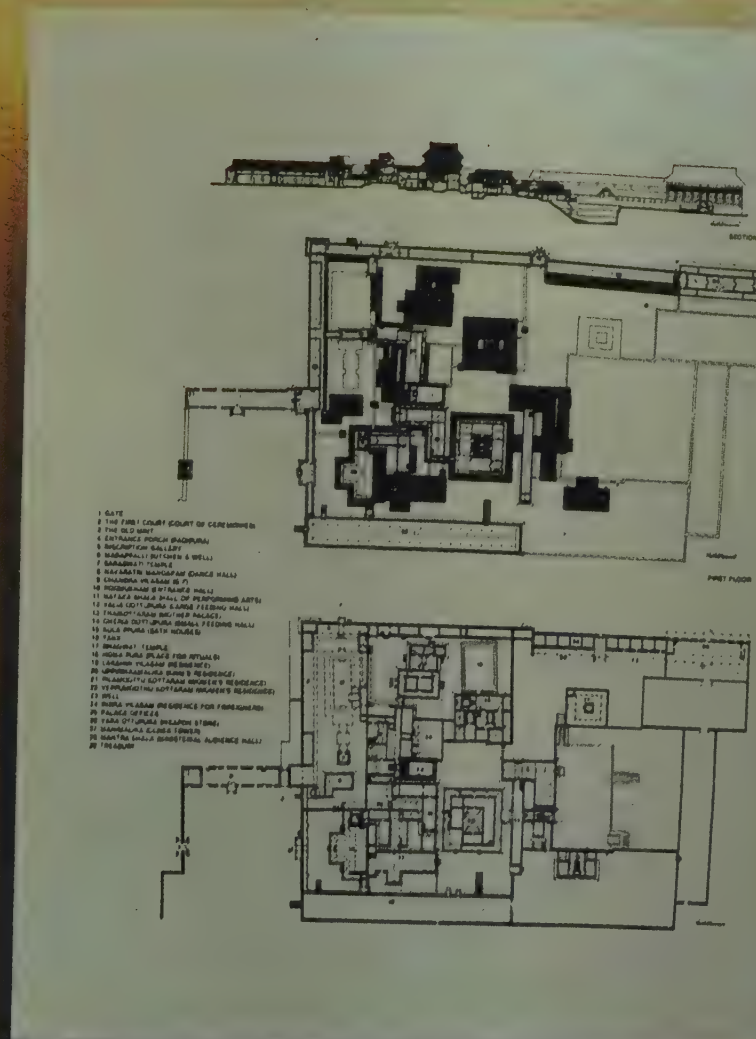
Nandagopal expects that "with the ready availability of standard gold, Madras will emerge as a major bullion market in the south." Till now it has been a retail centre. But there is every possibility that at least some of the licensed gold jewellers — there are 500 in the city, of whom 50 are big names — will turn wholesalers, catering to the needs of jewellers in other parts of the south.

Certification power. With the Madras centre also empowered to act as a certification agency for exports, "exports will also pick up," says Goel. Nandagopal plans to lobby for the setting up of a hallmarking centre at the same location. "The centre can then stamp all jewellery meant for both export and domestic markets with the name of the mint, the jeweller and the purity of the gold used," he says.

"The Madras centre expects a turnover of Rs.75 to 80 crore per annum," says Goel. This is slightly higher than the Rs.70 crore generated by the Calcutta centre. However, Madras's reach may be curtailed if similar centres are set up at Hyderabad and Cochin, both of which are reportedly at an advanced stage of planning. But in the meanwhile, business is trickling into the Madras centre as southern jewellers sever old associations in Bombay and forge new bonds in their home town.

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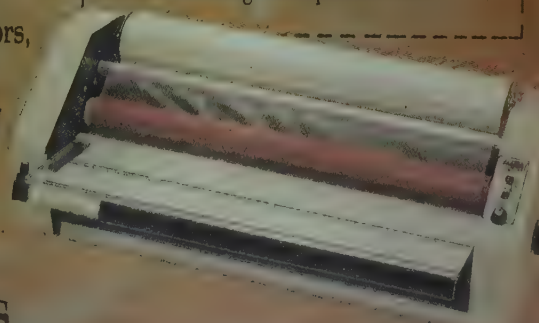
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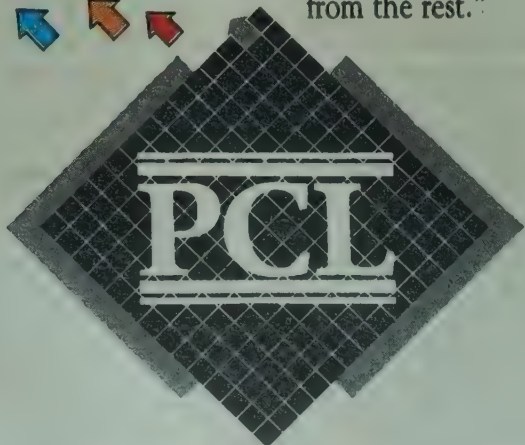
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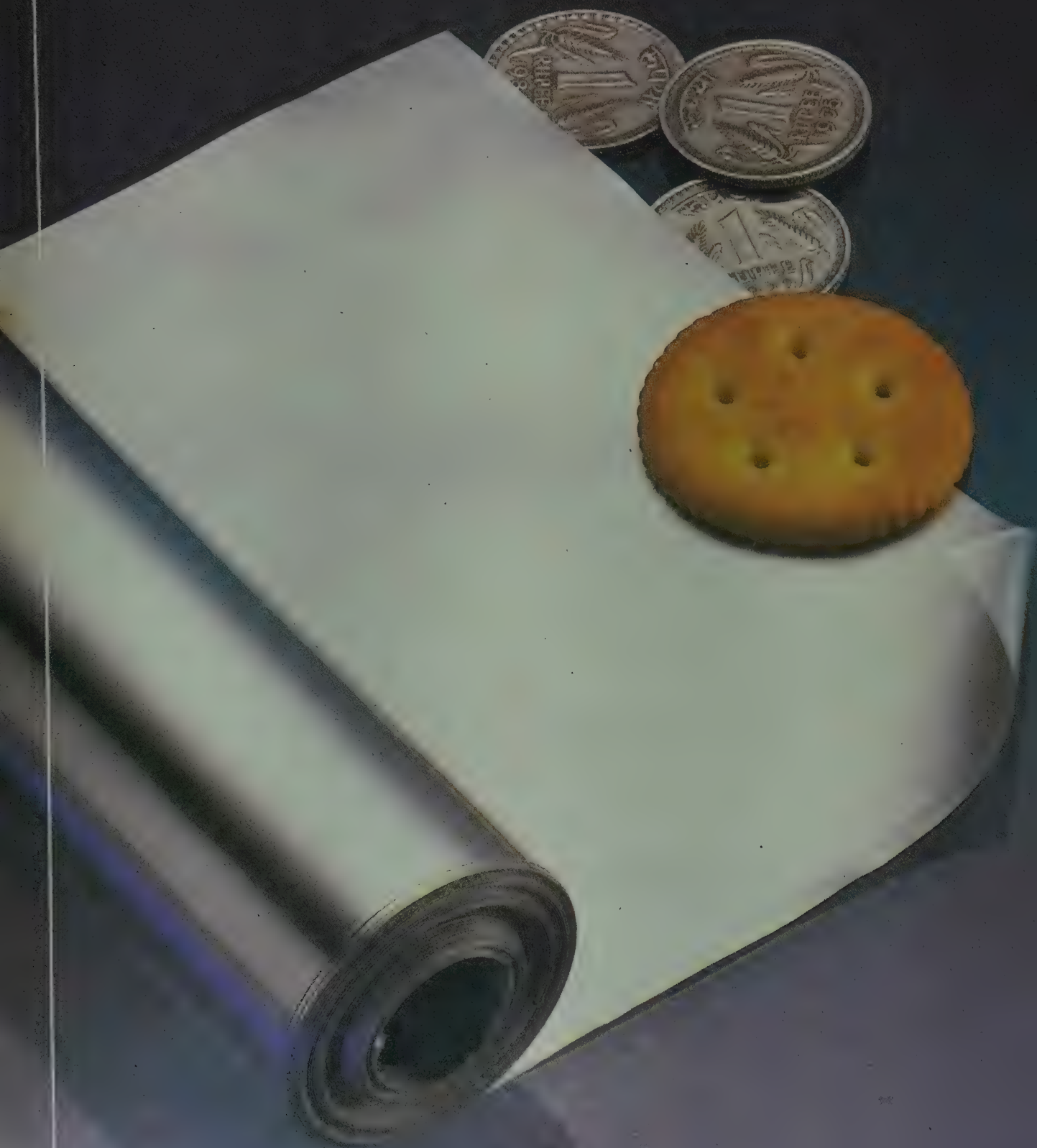


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The major factor that sets ESOLAPACK® apart is the advanced technology of Tandem Extrusion Laminates which enables speciality construction of upto 5 – layer laminates, using films, foils, plastics and papers, in a single-step operation.

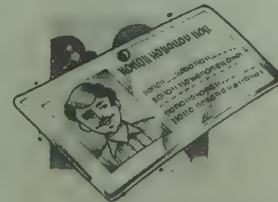
ESSEL works in collaboration with the world's most advanced packaging companies — AMERICAN NATIONAL CAN COMPANY — USA; KMK — SWITZERLAND; KAITO CHEMICALS — JAPAN. ESSEL has long been packaging international brands to specifications that prevail abroad.



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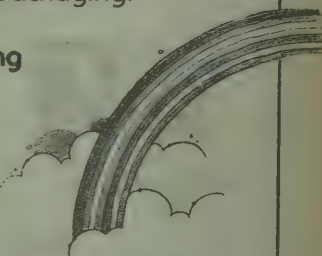
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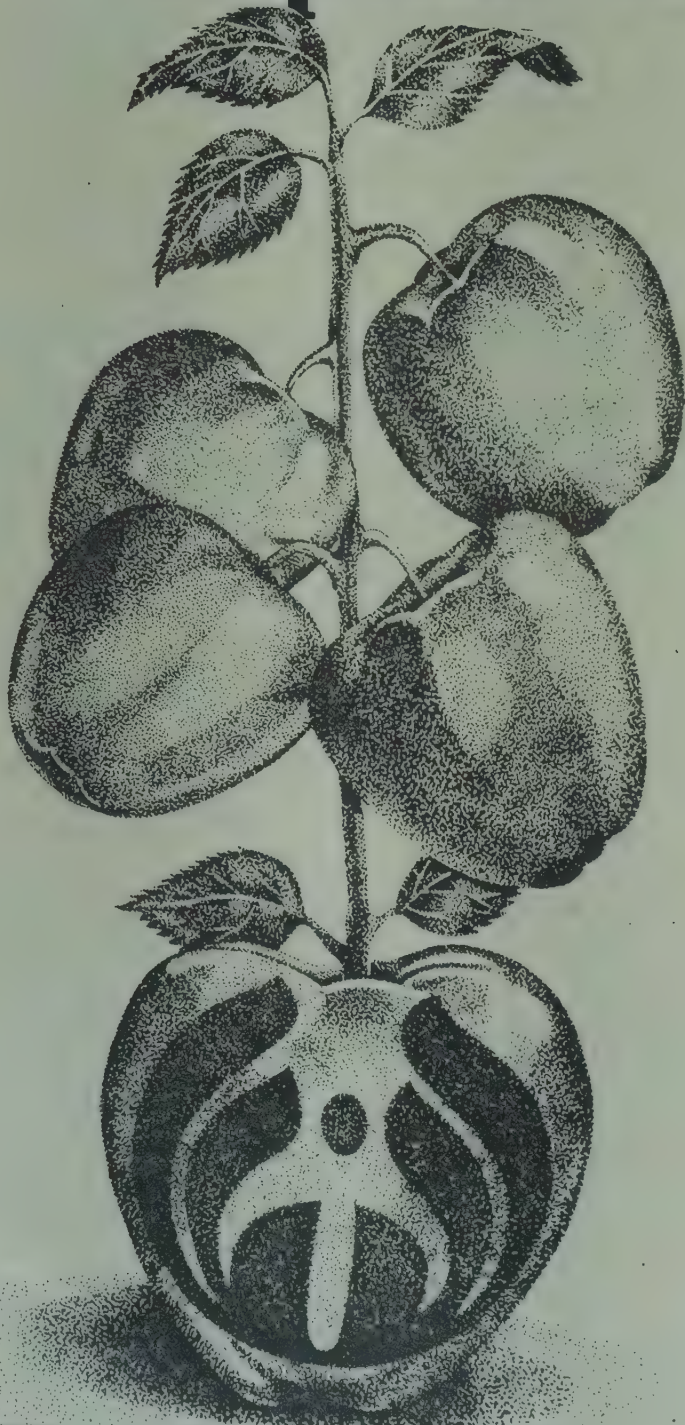
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NOCIL

Towards a greener pasture

For National Organic Chemical Industries Ltd (NOCIL), the flagship company of the Arvind Mafatlal group, 1989 has been quite eventful. For the year 1988-89, it recorded a turnover of Rs.482 crore and a record profit (after tax) of Rs.41 crore. On annualised basis, its profits this year went up by nearly 90 per cent — unprecedented in its 21 years of operation. Later, the company received industrial licence for two new pesticides and also obtained the MRTP clearance to get into seeds business. But the prized catch for the year came in the third week of November when NOCIL received the letter of intent (LOI) for the expansion of its naphtha cracker from the present 63,000 tonne to 300,000 tonne.

To get the go-ahead, NOCIL had to wait for three and half years after it submitted its application in May 1986 (see *Business India*, 20 October 1986). The project, located on the Thane-Belapur Road (near Bombay), was delayed mainly because of several objections raised by environmentalists on pollution issues. "It had been a long struggle for us," says Arvind Mafatlal, chairman of the company.

Cost gone up. But the delay has caused NOCIL dearly, as the cost of the project has now gone up to Rs.2,000 crore from Rs.1,200 crore three and half years ago. Plus it has also lost valuable lead time as, on the present reckoning, the project will be fully operational only around 1994-95. By then, at least two other large complexes — Hazira by Reliance and Gandhar by IPCL — will also be ready (IPCL's Nagothane cracker is ready for commissioning). However, neither M.S. Patwardhan, vice-chairman nor K. Dharam, managing director of the company, are unduly worried although they know the going will not be easy. "As per expert calculations, by 1995 there will definitely be room for three more crackers," says Patwardhan.

Besides, NOCIL will probably be better equipped to face the competition with its 20 years of experience in the field of petrochemicals. Its project cost at Rs.2,000 crore for a 300,000 tonne cracker, will also be lower at least by Rs.500 crore compared to any other grassroot project. This is mainly because the new cracker will come up at the company's present site. Another big advantage of NOCIL is that half of its ethylene will be bought over by its sister



NOCIL plant: committed to curbing pollution

concern Polyolefins India Ltd for converting to HDPE.

To finance the project, NOCIL soon will come up with a large public cum rights issue. The company has been barred to go to financial institutions for term loans. But Mafatlal does not foresee any problem because of that. "Our foreign collaborator Royal Dutch Shell alone will arrange for the entire foreign exchange requirement of Rs.500 crore," says he. In the process, Royal Dutch's holding in the company may go up from 33 per cent to 40 per cent.

And to keep the environmentalists happy, NOCIL has decided to phase out the existing PVC plant which could be a pollution risk. Besides, it has also offered to create a green belt over 300 hectares of barren land around its plant free of cost. "These are no gimmicks, we are committed to our responsibilities to keep the pollution levels at the lowest," says Dharam.

DILIP MAITRA

CALL MONEY MARKET

A liquidity crisis

Since 20 October, pressure has been building in the money market with the interest rates shooting up to 41-42 per cent. Banks have already paid approximately Rs.1,200 crore as advance payment of income tax in September; another Rs. 2,500 crore has gone in payment of half-yearly interest on savings bank accounts; about Rs. 500 crore was impounded by credit reserve ratio (CRR) requirements; banks have also subscribed to the central loans to the extent of

Rs. 1,200 crore. Another Rs. 2,500 crore were withdrawn from the banking system for investments to be made in the forthcoming mega issues of the public sector. In addition, Rs.1,200 crore has been withdrawn by companies as advance tax payment and banks have lost access to almost Rs. 800 crore with the recent abridgement of the export refinance limits by the RBI becoming operative from 4 November.

Earlier, in May, the rates in the money market soared, the uniform accounting year for individuals and companies being a major reason (see *Business India*, 3 April 1989). Even though these changes in policy were made much in advance, banks found themselves in a tight situation when they had to meet the deadlines of maintaining CRR/SLR with the RBI.

High rates. Even prior to the abolition of the India Banks' Association (IBA) ceiling on interest rates in the call money market and the establishment of the Discount and Finance House of India Limited (DFHI), banks borrowed in the call money market at rates as high as 50 per cent unofficially but they never curtailed their operations. The scenario has not changed dramatically since then except that borrowing at the same high rates is now done officially. Bankers feel that their position is precarious as they have virtually no options. Restricting advances would mean curtailing advances to the private sector only, as loans to other sectors cannot be touched.

"The information system in the country is also weak," says a young banker. The mid-November crisis in the market was attributed by banking circles largely to non-availability of information from the branches on account of the strike, first at the SBI and then at the RBI, in addition to some holidays. As a result, banks were not able to make provisions to meet their CRR/SLR requirements. Another factor in the liquidity crisis is the practice of large banks maintaining CRR/SLR in excess of statutory requirements. This causes a liquidity crunch in the market and drives up interest rates.

"If banks having large funds in excess were to extend the entire excess to the market, the crisis would ease out," feels the young banker. What about the DFHI? "The resources of the DFHI are limited," admits R. Kasinathan, Chief Dealer at the DFHI. "The DFHI can do much better if other institutions are required to route their excess funds through the DFHI. And this can be done only through policy."

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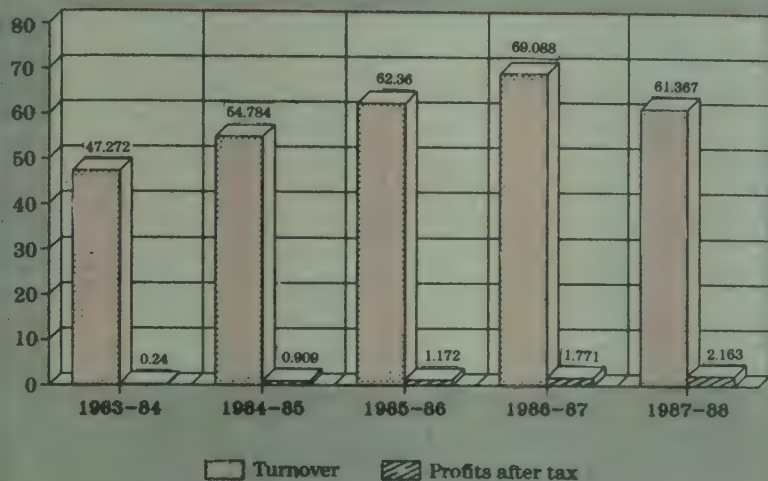
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Performance of central enterprises

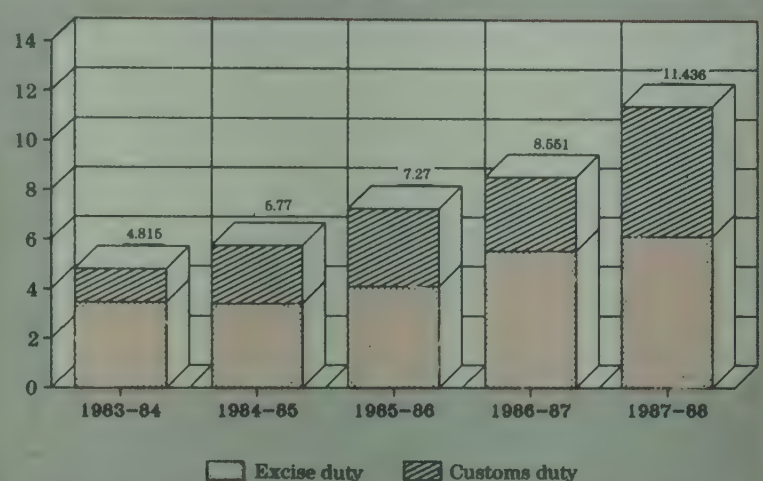
Rs. '000 crore



Barring a dip in 1983-84, the net profits of Central government enterprises have remained in the black since 1981-82. Taking a longer period, these enterprises reported net losses in 12 years and net profits in the remaining 16 years from 1960-61 to 1987-88. On the whole, the performance of Central government enterprises is much better than that of the state-level enterprises.

Contribution to the central exchequer

Rs. '000 crore



While the performance of Central government enterprises may not be satisfactory in terms of net profits, they have, over the years, emerged as significant contributors in terms of excise and custom duties to the public exchequer. These enterprises contributed about 37 per cent of excise duties and around 39 per cent of total customs duties during 1987-88.

Wholesale price index: The all-commodities index has increased by 8.3 per cent in the month under review. The index for primary articles has increased by 3.6 per cent mainly because of the sharp increase in the prices of pulses. Surprisingly, the index for manufactured products too has shown a big increase (11.7 per cent).

(1981-82 = 100)

	21 Oct 1989	21 Sept 1989	22 Oct 1988	% change over Month	% change over Year
All commodities	167.0	154.2	156.7	8.3	6.5
Primary articles	164.8	159.0	156.0	3.6	5.6
Mfg. products	170.2	152.3	152.7	11.7	11.4

Money and banking (scheduled commercial banks): Broad money (M3) has increased by 2.7 per cent in the month under review. Both aggregate deposits and bank credit have increased by 1.4 and 2.9 per cent, respectively. Food credit has also increased by (1.4 per cent).

(Rs crore)

	3 Nov 1989	29 Sept 1989	4 Nov 1988	% change over Month	% change over Year
Broad money (M3)	2,11,566	2,05,976	1,76,465	2.7	19.8
Aggregate deposits	1,56,891	1,54,749	1,30,782	1.4	19.9
Bank credit	93,075	90,468	76,047	2.9	22.3
Food credit	1,006	829	1,031	21.4	-2.4
Credit dep. ratio	59.32	58.46	58.15	1.4	2.1

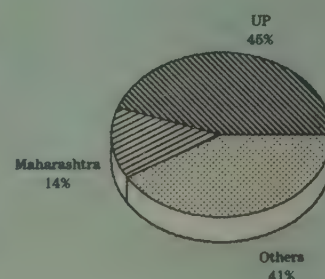
Bullion price: Compared to silver, it is now the turn of gold prices to increase steadily. The percentage increase of gold prices in the month under consideration was 4.1 while that of silver was 2.5

	17 Nov 1989	17 Oct 1989	17 Nov 1988	% change over Month	% change over Year
Gold (Bombay)	3270	3140	3207	4.1	1.9
Silver (Bombay)	7005	6832	6445	2.5	8.6

(Gold prices are in rupees per 10 gm and silver prices in rupees per kg)

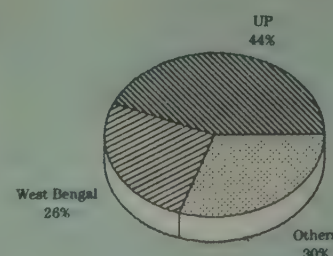
Major crops: share of states

Average of 1983-84 to 1987-88



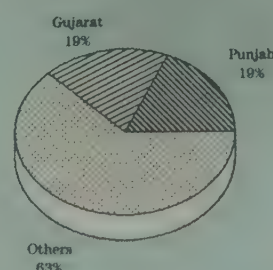
Sugarcane

Out of the total production of 17.9 crore tonnes, UP had a lion's share of 8.1 crore tonnes and Maharashtra followed with 2.5 crore tonnes.



Potato

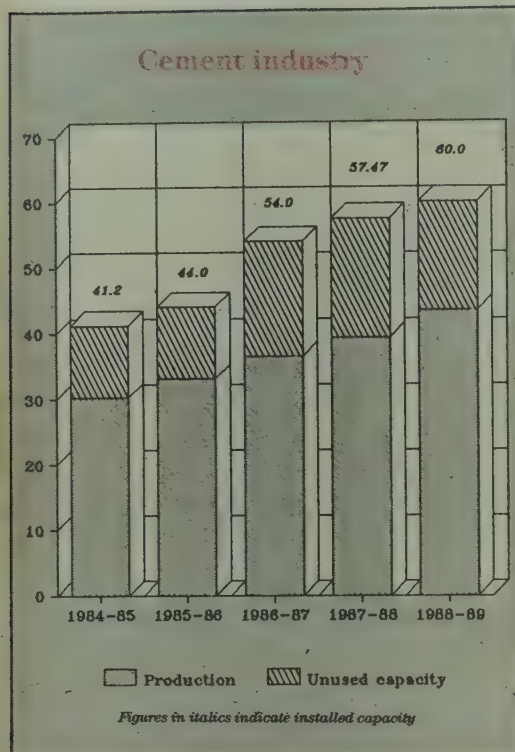
Out of the total production of 12,405 tonnes, UP led with 5.4 crore tonnes and West Bengal was the runner-up with 3.2 crore tonnes.



Cotton

Both Punjab and Gujarat produced about 1.3 crore tonnes each out of the total production of 7.3 crore tonnes of cotton.

Cement: a long haul ahead



The cement industry in India has indeed come a long way, from a production of merely 2.2 million tonnes in 1950-51 to more than 41 million tonnes in 1988-89. It is expected to do even better in the years to come. But the industry's growth has been stifled by government controls. And it was only when the government announced the policy of partial decontrol in 1982 that production which was stagnating at around 18-19 million tonnes over the last five years quickly rose to cross 30 million tonnes by 1984-85.

Installed capacity has risen even faster over these years. In 1981-82, it was 29.3 million tonnes, but by 1987-88 it had crossed 57 million tonnes. The cement industry has shown that, given the right incentives, it could move from a position of scarcity to a position of surplus.

The other major change within the industry is that the wet process of producing cement is being replaced by the dry process which is more fuel efficient. Also, the average size of the plant has gone over one million tonnes. Before 1982, only eight plants had one million tonne capacity. Today, the number has gone up to fourteen. Gradually, the rate of contribution of smaller plants to total production is falling year after year.

Immediate aftermath

The success of partial decontrol prompted the government to bring about total decontrol, effective from March 1989. In the immediate aftermath of decontrol, the price of cement fell and a cement bag was available for approximately Rs.60-65. According to the Cement Manufacturers Association, the post-tax return of 42 cement companies, for the period 1983-88, declined significantly from 36 per cent in 1983 to almost nil in 1987. Since then, there has been no improvement.

The industry is facing problems of plenty which is good for the consumer but bad for the manufacturers stuck with excess capacity. In fact, it has been reported that the industry is operating at around 76 per cent capacity. And there is a huge pile-up of stocks at the factory and retail levels.

In order to sell this excess stock and also improve capacity utilisation, the industry mooted the idea of exports. But because of the high cost of production, Indian cement faced the prospect of being priced out in the international market.

Input cost of accessories is often responsible for the high cost. For example, naked cement, which used to cost about Rs.300-320 per tonne in 1981-82, is now priced Rs.650-700 per tonne, largely because of increases in input costs of fuel which account for 70-75 per cent of the direct cost.

But, despite the high cost of production, the cement industry has no option but to export if it has to increase capacity utilisation thereby reducing its overheads. With the international price of cement, around \$ 33-35 (Rs.544-577) a tonne, the industry has asked for government to subsidise cement export to compensate for the loss of Rs.300-350 incurred on every tonne of cement exported.

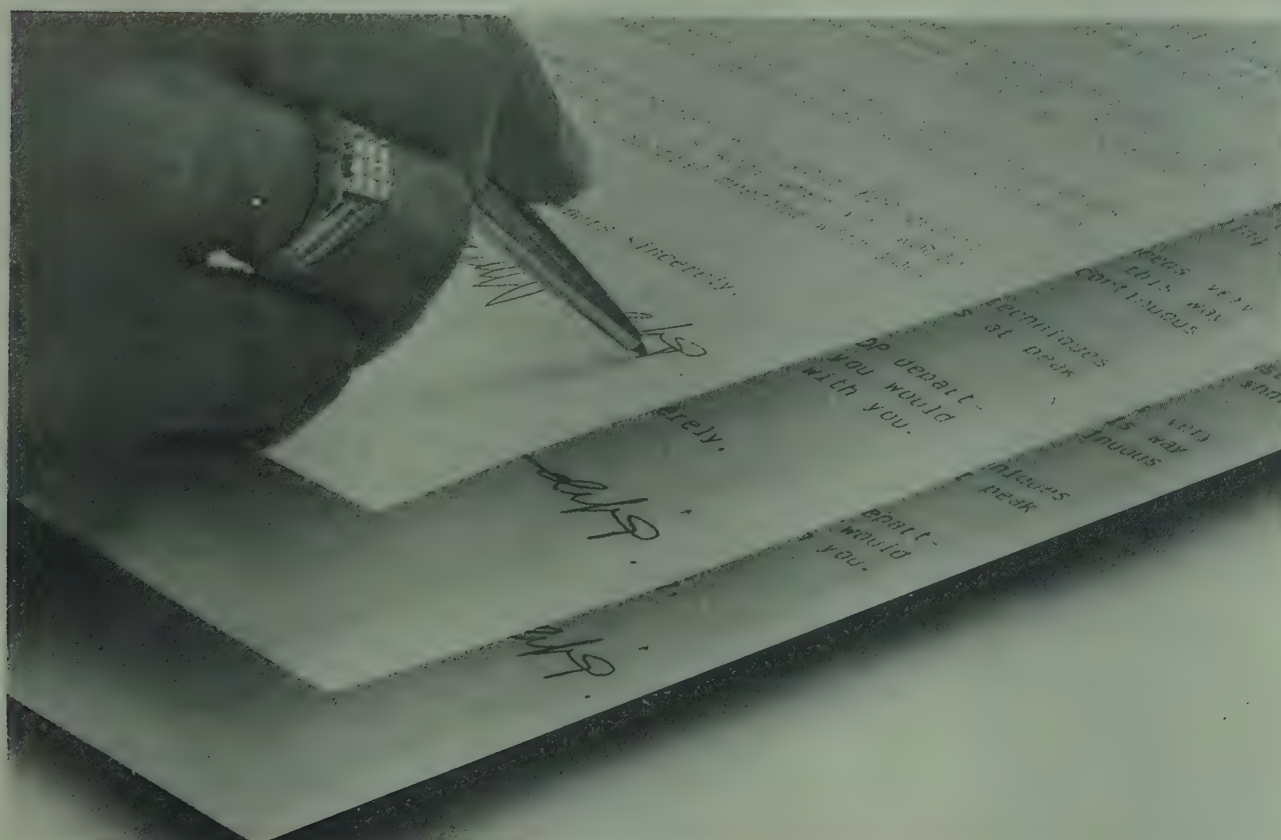
Modest beginning

Essentially, the industry is asking for a cash subsidy for the additional cost of diesel oil for running the diesel generating sets to make up for the shortfall in grid power. The other major costs for many large cement plants is the haulage costs to the ports which works out to about Rs.150-160 a tonne. However, this would not apply to those plants near the ports.

In spite of the odds, Indian cement manufacturers have made a modest beginning of exporting 66,000 tonnes against a target of 40,000 tonnes for 1988-89. But exports really will only be the icing on the cake. What is required is an effort to boost the per capita consumption of cement in India which is a very low 43 kg as against 242-652 kg of the higher income countries.

Though the industry has come a long way, it still has to get over the habit of always looking over the shoulder for government assistance. As one industry observer put it, "what the industry needs is the right to exit, because it is saddled with old and obsolete plants". True, but given the government's sentiments on plant closures, is it a viable option? However, for the long term viability of the industry, these problems will have to be sorted out soon.

The case of the missing carbon.



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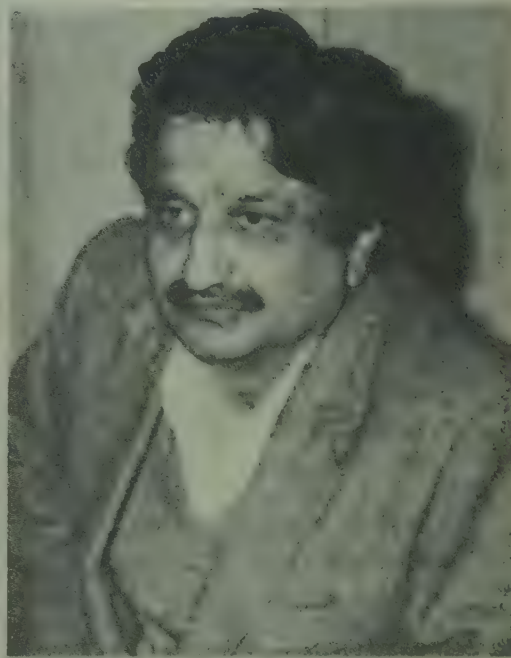
Are officers of the Lok Sabha and Rajya Sabha secretariat superior to their counterparts in the government? On the face of it, no. Because personnel of both cadres are drawn from the same stock of civil servants. Whatever be the case, officials of the two Sabhas get a higher salary than their GOI counterparts. Thus, an under secretary in these two offices gets a salary equivalent to that of a deputy secretary in GOI, even though his rank is same as that of an under secretary in GOI. This goes on upwards. But the top man in Lok Sabha and Rajya Sabha is called a secretary general.

Interestingly, though officials of the Lok and Rajya Sabhas are privileged, their non-gazetted colleagues, like assistants and clerks, enjoy no such edge over their GOI counterparts. This anomalous position of the Sabhas' officers getting higher salaries has arisen because, under the Constitution, these two organisations are autonomous bodies and not, strictly speaking, under the government (it's a different thing that the officials of the Lok and Rajya Sabhas get government accommodation). Thus the Sabhas' officials do not come under the purview of pay commissions set up by government and are governed by their own pay bodies.

And officers of the two Sabhas seem to be convinced that their work requires specialised skills than that of GOI counterparts. But as if this is not sufficient, a move to have a separate Indian Legislative Service was scuttled by the lobby of IAS officers. Reasons are not known.

Turncoats to the fore

The results of the elections are out. But in the fortnight that preceded the poll, New Delhi witnessed frenzied bids by bureaucrats to get news regarding poll prospects of different parties. Many journalists who, in normal times, have to chase official sources frequently, got calls from these gentlemen seeking latest information about the poll line up. These inquiries increased with the growing perception that the ruling Congress Party was losing ground. What the bureaucrats feared was that a change in government would immediately spark off a spate of transfers and elevations. In fact, fearing that a Congress (I) defeat was imminent, they even started preparing informal lists of positions



Pande: taking up astrology?

likely to fall vacant with the change of government.

Even at this late stage, some bureaucrats closely identified with the ruling party thought it worthwhile to change colours. One gentleman occupying a very senior position in the enforcement directorate even offered to pass on information on the misdeeds of guys close to the PM to a journalist. But of course, with the rider that after the elections the newsman would let it be known who passed on the story. But some bureaucrats played it safe, swayed as they were by rumours that Vinod Pande, one time chum of V.P. Singh had made an astrological prediction that even if the opposition came into power they would be thrown out in six months.

Malady of the Indian Bonds

In spite of a new research and analysis service set up recently, India's external intelligence agency, the Research and Analysis Wing (RAW) is finding it difficult to get officers. The major obstacle on the way is the fact that the organisation cannot openly advertise for recruitments in the fear that it will be swamped by applications of 'enemy infiltrators' and nobody seems to be willing to join RAW from the quarters from where it is interested in getting its personnel.

Ideally RAW would like to get officers from the All India Central Services, but experience in the last few years show that very few from these services (including those from nondescript ones like the Cen-

tral Information Service) are willing to opt for the intelligence agency which is now nearly a quarter century old. Only Indian Police Service (IPS) officers are willing to join RAW, but that also only on deputation. But a decision has apparently been taken by the government that recruitment should be more broad-based because intelligence work is basically intellectual work and in any case far removed from routine policing.

Senior RAW officials say that this indifference among central service officers arises from their perception (RAW official agrees that it is correct) that a job in the agency is actually quite unglamorous and far removed from the James Bond type of work. For the most, it consists of reading up literature pertaining to a certain subject (like the growth of fundamentalism in Iran) and making position papers on it.

When an officer gets a sensitive desk, his task becomes daunting because information is difficult to come by. This is because RAW officers have to operate covertly and cannot reveal their identity to sources. And sources who would speak to journalists for the sake of the publicity that the news passed on would bring, are naturally chary of opening up before unknown newsgatherers. To cap it all, it is believed that RAW officers neither have big expense accounts which they can use to buy information, nor are they well paid (the ceiling of their salary being determined by the pay of IAS/IFS officers) for doing this boring or daunting work. As a result, they are obliged to accept many constraints in their social life too.

Not inspired enough

Do women make good police officers? Judging by the performance of the first woman IPS officer, Kiran Bedi, it would seem so. But in the last 15 years since she joined the service, only 19 others have opted to join the IPS. Thus, in a cadre strength of 1800 that the IPS has (as per the latest IPS civil list) only 20 are women. Probably the strenuous nature of work demanded of police personnel deters women from joining the IPS. (The number of women joining the IAS and other central services, though are on the increase.) In fact, most of the women in the IPS today are in staff positions like those in the state central intelligence department or in anti-women harassment cells, only a few of them being in field postings in the districts.

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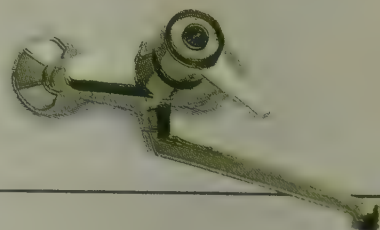
When he's not solving an OPEC crisis, he's racing his prize horses.

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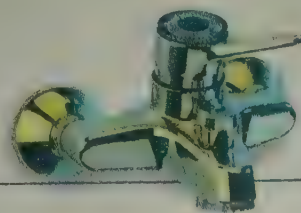
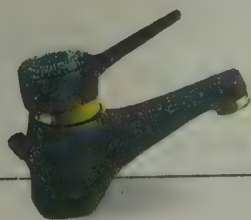


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J. RAO

Ever since I can remember, no Indian newspaper, magazine, broadcast or telecast has used the term "foreign exchange" in a neutral manner. Foreign exchange is invariably "precious, scarce, valuable, vital" and so on. The scarcity of this commodity has been the bane of our lives, the albatross carried by our economy.

It was not always so. Exchange control was introduced during World War-II, as a purely "temporary" measure, to go along with the fact that Britain had introduced it along with rationing and rent control. Rationing was removed shortly after the war ended. One of its most vociferous opponents was Mahatma Gandhi who argued that it tampered with citizens' freedom, achieved no economic purpose and served to convert honest citizens into law-breakers. It has been our misfortune that Gandhi did not see the same pernicious effects of rent and exchange control.

Controls, rationing, licensing are measures used when we do not wish to allow market prices to equate demand and supply. And just as the absence of market prices do not reflect the underlying economic reality, exchange controls have resulted in our maintaining an overvalued rupee for over 40 years. This has led to an artificial fall in the price of foreign currencies. If market prices had prevailed, foreign exchange would have cost more.

Detrimental to growth

The consequences of artificial prices are detrimental to both growth and welfare. The overvalued rupee has acted as a disincentive to exports. We have, therefore, had to neutralise the disadvantage with export subsidies, differential rates of lending and so on. The overvalued rupee has acted as an automatic incentive to import too which again has to be compensated by import duties, licences and such.

Roughly, the same arguments hold good in the area of capital movements also. Overvalued exchange rates encourage capital outflow and discourage capital inflow. In the Indian context, this has acted as one more among the numerous legal and technical barriers to capital inflow.

No country can maintain an overvalued currency and compete in world trade. An overvalued currency only leads to a decline in the relative share of world trade and erosion of competitive abilities. Examples are the US, UK, Australia, Egypt and India. On the other hand, any country which, in the last 40 years, has maintained an undervalued currency, has seen its share of exports go up, ie, its exports have grown faster than average world trade growth rate. Examples are Japan,

Germany, Korea, Taiwan and Brazil (when it maintained an undervalued currency).

No amount of subsidies (for exports) and restrictions (for imports) make up for the grossly distorted price signals given out. While it is unlikely that a specific depreciation will result in a surge of one particular basket of exports, sustained undervaluation (even a marginal one) will perforce, over time, be a fillip to external trade.

Bonanza required

Of course, we could have had an overvalued currency and no exchange controls — but that would have required an oil strike or some such bonanza. Venezuela maintained overvalued currencies for years through the oil boom. But it was an unsustainable situation. It was an exporter of many goods prior to going in for an overvalued currency. Shortly thereafter, it became an importer of virtually everything and an exporter only of oil.

Countries like India which do not have much oil but wish to maintain an overvalued currency rely on exchange control. Whenever an Indian business house, for instance, wishes to thwart a rival, a case is made out that the rival's project will result in excessive outflows of "scarce/precious" foreign exchange. That is virtually the kiss of death and results in the proposal being confined to cold storage.

Is there a way out? Can we realistically abolish exchange controls tomorrow? The big fear is that if we do so, there might be an enormous outflow of capital that jeopardises the system. It's not an unjustified fear. But in economic matters, things tend to even out. India is a developing country with tremendous potential for growth. Capital should and will, in the normal course, flow into India, not away from it. The key is to create an environment where capital is fairly treated, fairly priced and welcome.

When there's no exchange control, paradoxically, hardly any one will be in a hurry to take money out. The key is to make the change credible, permanent and fair. We can and should start moving towards the eventual abolition of exchange control and a realistic pricing of the rupee which permits us to regain our share of world trade (which has slipped from 2 per cent to less than 0.5 per cent) and then to grow it some.

Maybe we cannot move to a convertible rupee tomorrow. But if we start planning for it today, we may be able to do it tomorrow, and in our lifetime itself "foreign exchange" may once more become a neutral expression, without qualifying expressions like scarce or precious!

The author is vice president and chief executive of Citibank in India. The article reflects his personal views and not those of his organisation

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Break the chains

Power corrupts; lack of power corrupts absolutely — Adlai E. Stevenson

General elections are a time of obsession with power — who has it, who should get it, who should be divested of it. This obsession fills the air and infects the conversation of all humans in groups of two or more. Then comes election day, which is a collective suspension of breath, culminating in the heady but speedily anti-climactic moment of casting one's vote. For the general public, the reigning mood is usually euphoria, regardless of the way one voted, because the act of having voted is in itself an exercise of power. And then, as quickly as it had begun, it is all over. The world's largest democracy turns over, yawns and hibernates for the next 5 years.

The average citizen assumes that the interim between two polls must necessarily be one of political impotence, and succumbs easily, after his brief fling with franchise-power, to an inertia that makes him a tractable victim of the abuse of power by others. Taxes siphoned off from his earnings vanish into bureaucratic black holes. They emerge, considerably diminished, in the form of inadequate and poorly maintained roads, atrocious garbage collection systems, mute telephones, an unhelpful police force and so forth.

Easy capitulation

In the scheme of a vibrant democracy, the callousness and incompetence of public officials is meant to stir up righteous indignation, followed by petitions to MPs or MLAs. Unfortunately, in the face of daily confrontation with his own insignificance our native citizen in the past simply attributed his misfortune to his karma.

This capitulation of the beleaguered middle class can be understood and, perhaps forgiven. What is infinitely more puzzling is the long-standing servility of the entrepreneurial and business community. In 1947 when India awoke to freedom, indigenous capitalism supposedly threw off its foreign shackles as well. In reality, the subjugation of native business continued, except that the new masters were populist policy makers upholding the legacy of Fabian Socialism.

Powerless minor players under British rule, Indian merchants became apologists under home rule. It would appear paradoxical to declaim the powerlessness of the business class despite the obvious material success of its members. But consider that the Indian entrepreneur has always lived with, and continues to live with severe restrictions on his freedom to decide where to invest, how to invest, how much to invest, and most important, when to write off his investment.

As in the case of the individual citizen, this helplessness has engendered a search for technologies for circumventing constraints. In response, a vast support structure of middlemen has been established over time, and facilitation has become a growth industry. Beyond the ethical level, there has been corruption, in a broader sense, of spirit and of self-confidence.

The daily pressures of coping with intrusive regulations have certainly not helped to cultivate entrepreneurial vision, or global ambitions. Success achieved in protected niches provides neither the motive nor the confidence to shape world-scale strategies. Regulatory barriers to entry — essentially a divide and rule policy — make business a zero-sum game, where the goal is to pre-empt rather than fight competition. Such an incentive system has precluded any unified front of businessmen which can act as an effective pressure group on government policy and thinking.

Few and far between

Isolated instances of cohesiveness among businessmen such as the anti-octroi stir and the diamond merchants' counterattack on taxmen have revealed the potential of organised action. That potential has to be exploited in order to convince the government that private enterprise is, in the words of Winston Churchill, a sturdy horse pulling the wagon and not a cow to be milked.

Whether a government is new or old, socialist or conservative, it has to recognize that an unfettered spirit of enterprise can help lock in the growth rates required for the alleviation of poverty. This ideological reality should not be hard to acknowledge at a time when the Berlin Wall is being torn down from the East German side.

As for critics who warn of an unholy nexus between business and government, they must be answered with a demand for even stronger links between the two. Not a clandestine alliance, but an open and constructive one. The equation between Japan's Ministry of International Trade and Industry (MITI) and Japanese business is now legendary and certainly hasn't proved harmful to the interests of the Japanese at large.

Eliminating regulatory constraints and employing the input of Indian businessmen in economic policy-making will amount to a devolution of power that is as important a concept as the devolution of power to panchayats. With the self-assurance that will ensue from such liberation, businessmen will be free to focus on the more important tasks of raising efficiency, productivity and quality levels to world-beating standards. In other words, the business of business will finally be business.



ANAND MAHINDRA

The writer is deputy managing director and president, Mahindra UGINE Steel Co Ltd

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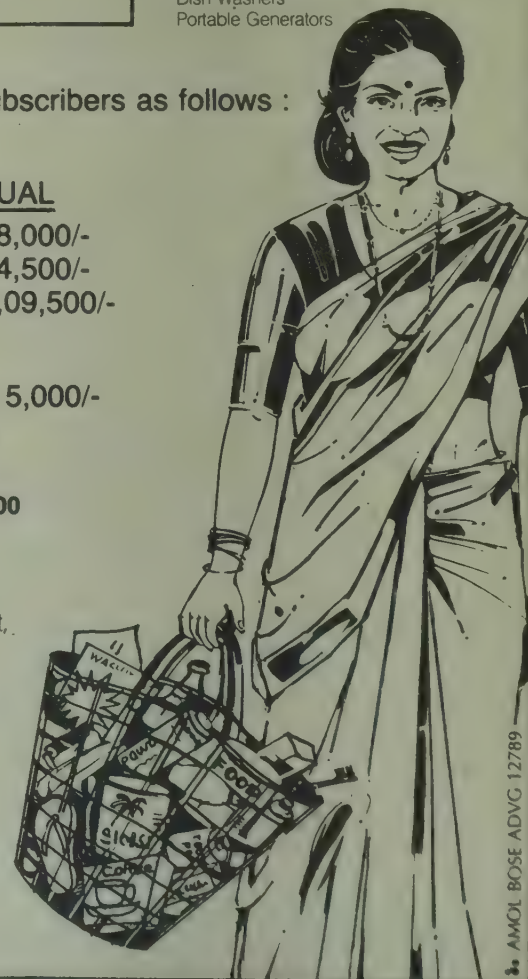
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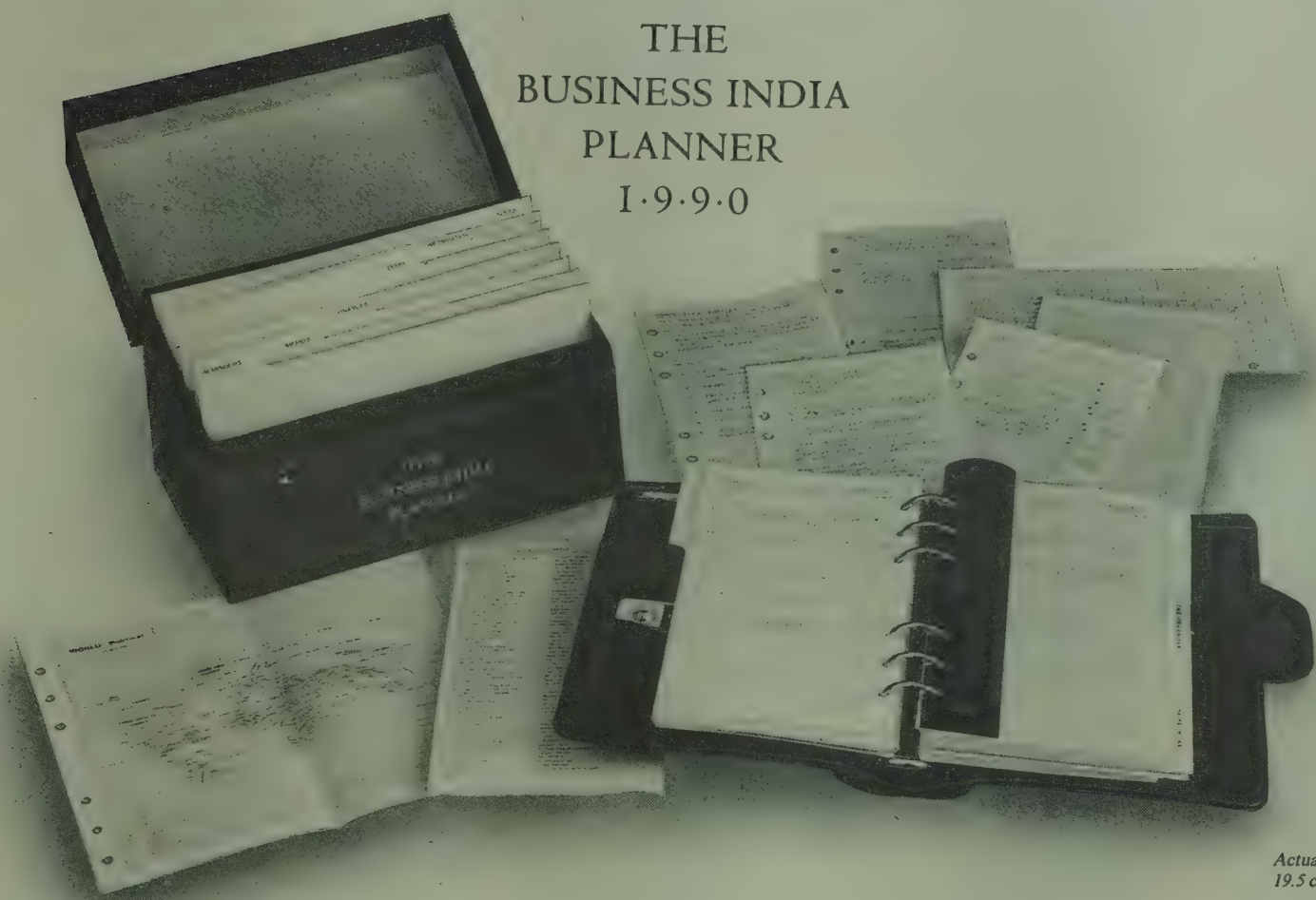
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Will they scare investors away?

With the people giving no decisive verdict in favour of any single party, the country has once again plunged into a lot of uncertainty. The stockmarkets have reacted nervously with sharp falls in leading scrips and their decline is likely to continue until the next budget



The electorate has exercised its will and the result is clear: no decisive verdict in favour of any single party. Cynicism and disgust against the local rulers combined with the opposition's carefully worked out electoral arithmetic has ensured a North-South political divide. The nation now faces the onerous task of forming a stable government out of a conflicting bunch of parties that represents the entire spectrum of economic and political ideas and interests ranging from the extreme left to the extreme right. A formidable task indeed!

Yet when the election results started pouring in on 26-27 November, clearly indicating the shape of things to come, the stockmarkets were optimistic. In fact, the BSE sensitive index moved up by three points from 696 on 27 November. Many marketmen were still hoping that the Congress (I)

would form a government, perhaps, with support from the BJP. Then on the following day, when no one could ignore the facts any longer, a kind of panic set in, and the index fell by 20 points. On Wednesday, it slid by another 14 points, but regained most of the lost ground on hectic bear-covering, thanks to heavy buying by the institutions, particularly the UTI, stepping in to stem the 'downslide'. So in just three days' trading, the BSE index was knocked down to 676 — its level three and half years ago.

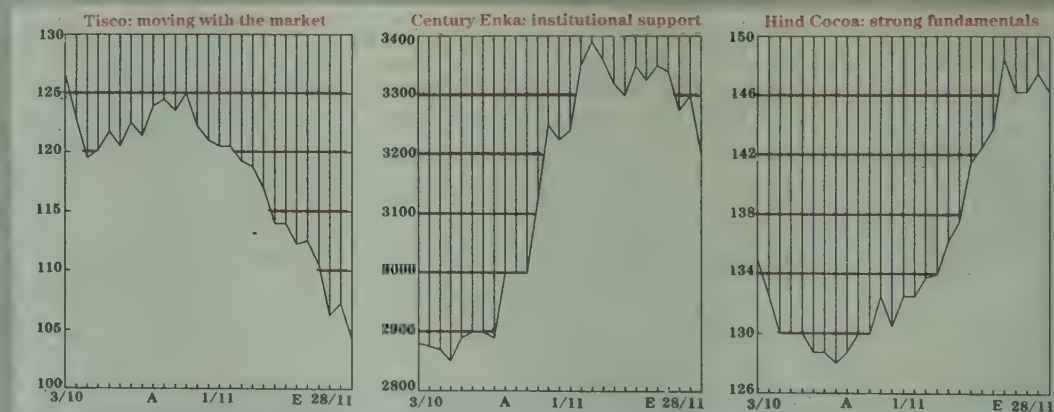
Investors jittery

How much further can the sensitive index fall before it begins to stagnate? Between 23 November, when it lost 16 points on reports of unprecedented poll violence the previous day, and 29 November, it already slipped 35 points. But on

Winners and losers

Why should politics matter so much to stockmarkets? If there is one situation that all market participants — speculators, investors and brokers alike — dislike, it is uncertainty. Economic uncertainty is bad enough, but political uncertainty is worse because it affects the future course of government policy in a way that will not be known at least for several months while affecting the economy for several years.

If the market is affected by politics via unpredictable changes in government policy, one would expect all scrips to be affected equally. (See charts A = Announcement of elections; E = Elections.) This has happened to market leaders such as Tata Steel and Tata Locomotive, which fell in line with the market. But there was also Century, which rose over the last two months from Rs.2,175 to Rs.2,600. Then again, Reliance took a sharp dip from Rs.102.50 to Rs.76.50 over the past two months. The reason behind such diversity of effect is that a mix of important factors has operated even



within the last two months, only some of which were political.

First, some scrips are intrinsically more affected by political factors than others, Reliance being a prime example. Another such is Usha Rectifier, which plans to set up a steel plant in Amethi, Rajiv's constituency, and has fallen from Rs.140 to Rs.75. On 28 November, it fell further and there were sellers even at Rs.25. Considering its Rs.500 crore mega issue sold to the public at Rs.50 per share last month, investors had lost Rs.250 crore on paper by November that date.

Support withdrawn. In fact, shares of all the companies which offered the mega issues in September and October have suffered especially badly over the past month. This reflects, in large part, the withdrawal of price support from "interested quarters" that normally last only as long as the issue is open. Besides, the funds were raised for large projects whose progress will require political support. Thus, Essar Gujarat's share price which was Rs.72 in early October, had fallen to Rs.65 by the time the elections were announced and further to Rs.55 by 28 November, just Rs.5

Thursday, 30 November, the index climbed up by 18 points to close at 693, just 3 points below the pre-poll level because of the institutions moving in. From this level, the index could fall by another 100 points or so to around the 600 level in the next few months because even the investors are now getting jittery. A significant portion of sales this week was by investors, with institutions at the receiving end. This selling wave is likely to accelerate since every decline in the index now hurts the investing public much more, inducing further sales.

When the BSE index lost about a 100 points last time round (from 798 on 5 July 1989 to 699 on 17 October 1989), there was no panic. This is because more than 80 per cent of this fall was accounted for by just two scrips: Tisco and Reliance. Both these scrips have massive market capitalisation, and having already declined a lot, cannot lose much more ground. So this time round, the bulk of the decline in the index will come from a much larger number of shares. This means the brunt of the current decline will be borne by investors who could see an across-the-board shrinking of their portfolios. Cash shares too will get engulfed in the downward spiral.

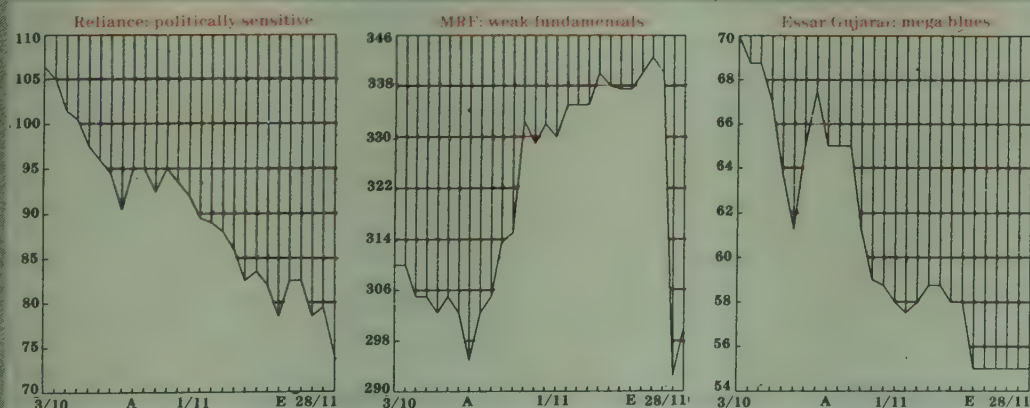
If this prognosis is true then it means that every decline in the sensitive index (which covers only 30 forward shares) will now be accompanied by a much sharper fall in all other indices such as the

BSE National, the ET and the FE (which cover a much larger number of shares, including cash shares). This is borne out by past experience. What usually happens is that the sensitive index is always the first to indicate a change in trend, either downward or upward. Then, in the first phase of the new trend, it also moves faster than the other indices. However, in the second phase, the latter move faster. Thus in the six months to November 1989, the first phase of the downtrend after the preceding peak of July 1989, while the BSE index fell sharply and hit a low of 676 on 29 November, the other, more broad based indices also fell but did not hit new troughs. So from now on, if the BSE index again starts to fall, the other indices are likely to fall even more sharply knocking down prices of a wide range of shares.

Institutions helpless

True, the institutions will inevitably move in, as they did through most of last year, to prop up the market. But, despite all the talk of their "money power" and "shortage of floating stock", they can only smoothen the fall not reverse it. As one senior company executive with considerable experience in "market making" for his own shares put it: "The institutions will be helpless. They will face a flood of sales this time, not mere rivulets".

Political uncertainty is always more unnerving for the markets (perhaps for everybody) than



above its mega issue selling price. Similarly, Apollo Tyres, L&T, Bindal Agro have all suffered huge losses.

Another factor to be reckoned with is that increased competition in sectors such as cables and tyres has combined with high input costs to sharply reduce profitability. As a result, the sharply reduced earnings of companies such as Ceat Tyres, which recently declared its annual results, sparked a fall in the shares of all tyre companies, including industry giants MRF and Dunlop. Thus, MRF fell from Rs.315 in early October to Rs.292.50 by 27 November, Dunlop

from Rs.74 to Rs.62, and Ceat from Rs.157.50 to Rs.115. While part of the fall should certainly be attributed to political news, the major part was undoubtedly due to the tyre industry's declining fortunes.

Against the trend. Of course, companies performing well, tended to go against the general trend. For example, Hindustan Cocoa rose from Rs.130 to Rs.148.50 in the two-month period, while South India Viscose rose from Rs.915 to Rs.1,080. Similarly, Kelvinator, announced a 1 for 1 bonus in late October, and rose from Rs.150 to

Rs.168.

Besides good performance, the financial institutions have also done their bit. For example, the purchases by SBI Caps mutual fund in Century Enka, MICO, Hoechst and Baroda Rayon in the first half of November caused the prices of these scrips to rise sharply over the period.

What lies in the future? One signal comes in the form of sharply declining volumes over the past two months. This is likely to continue and cause the market to stagnate (assuming the usual institutional cushion) until the course of government policy becomes clear. At the same time, certain sectors will probably continue to perform well in stockmarkets. This will include foreign exchange earners like shipping companies, whose shares have also bucked the declining trend, along with food processing and fertiliser company shares, which may benefit by the professed emphasis on agro-industries of the National Front.

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Rajiv's years: 1984 to 1989

Political developments, favourable or otherwise, no doubt have their own impact on the stockmarkets. But the extent depends upon the economic situation, corporate fundamentals and the technical position of the market.

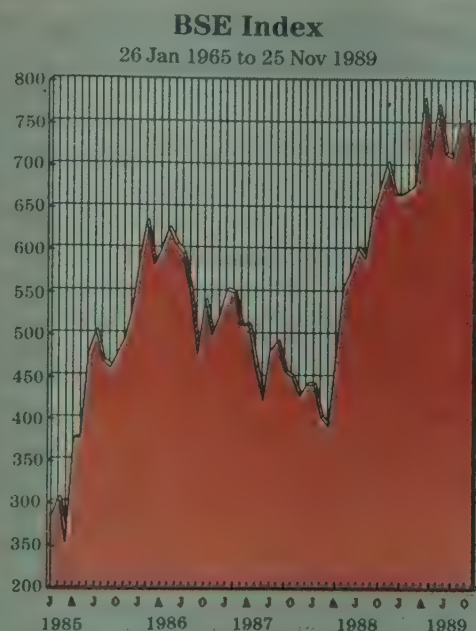
Since 1984, the stockmarket has witnessed a number of bullish and bearish phases as shown by the Bombay Stock Exchange sensitive index (BSEI) of equity prices. (See graph; base year 1978-79 = 100.) In 1984, being an election year, the market was confident that the finance ministry was obliged to make the 1984-85 budget soft. The government had also to overcome the prevailing industrial recession. With this expectation, the BSEI which was hovering around 237 between May and December 1983 had peaked to a new high of 255.84 (January 1984). The trend continued with marginal volatility till June-July.

Assassination effect. Indira Gandhi's assassination on 31 October 1984 sent the market tumbling to a low of 259.44 in November (from a high of 280 in early October). It only recovered with the announcement of the general elections to be held on 24 December; the index moved up smartly by 10 December to a high of 271.87.

In 1985, with the Congress (I)'s landslide victory, the market became buoyant. Month after month, the index scaled new highs at 287.62 in January to 539.70 in July. In fact, the daily volumes increased by six to seven times; and the market capitalisation of listed stocks rose from Rs.9,800 crore (1983) to Rs.15,000 crore (1984-85). In an attempt to bring some control into this wild enthusiasm, the Bombay Stock Exchange (BSE) authorities placed a daily margin of 40 per cent on cash scrip purchases, pulling the index down to 434.66 (low for October).

Towards the end of October, the rally started again and the long term fiscal policy (LTFP), announced on 19 December 1985, gave it a shot in the arm. Just before the 1986 budget, the index touched a 1986 high of 664.54.

But, V.P. Singh's second budget fell short of market expectations. The market went into a tailspin to touch 525.02 (March low). There the market remained steady, till early May 1986, after which it gathered momentum again,



reaching 658.92 in June.

The rise didn't last, and another downslide took the index to 539.33 in August, mainly due to slackness in general business and loss of vigour for new issues. However, financial institutions arrested this decline. But Operation Comet, the November 1986 income tax raids on stock brokers came along and upset the apple cart again.

The new year brought renewed hope. The index started moving up and index rose to a high of 578.5 (end February 1987) on continued hopes on Rajiv. But he fell short.

Bad news. As one broker put it plainly, "The PM's budget for 1987-88 was bad." Unfavourable political news dragged the index down to 415.51 (23 June), 10 points above the low for the year. But, by 14 July, it had moved to 500.61, up 85.10 points in 21 days, which was the sharpest rally since March 1987. The index then started seeing new lows for the year, month after month at 444.63 in September, to end at 405.57 in December.

The index once again rallied to a high of 472.35 on 13 January 1988, but that was probably just Christmas cheer spilling into the new year. The 1988-89 budget too was not received well, despite excise reductions. The downward trend stretched over to March 1988 with the month's low pegged at 390. From April-May onward, however, a sustained upward movement took the BSEI to the 1988 high of 719.07 in November.

In January 1989, the BSE admitted

14 professional members to make the market healthier. And with the decontrol of aluminium prices announced in April 1989, combined with good corporate profits, the market started rising again. It is noteworthy, however, that the high of 781.24 (26 April) was mostly due to institutional support and speculative buying. Apart from a fall around 22 May good company results and institutional buying once again pushed the index up to 794.21 (4 July).

Toward end-July and early August, the index reacted on news like the mass resignations of opposition MP's and the Ambani-Wadia murder case. But for news in September of the record growth in exports at 39.8 per cent for the first quarter of 1989, the index would have fallen sharply. The forthcoming elections and the mega issues in September prompted narrow fluctuations of about 10 per cent on either side of the index during October 1989.

The BSEI declined to 699.03 (17 October), before recovering to 755.58 (26 October 1989). The plunge came with the news that the general elections were preponed to 22-26 November 1989 which led to bear hammering. The index declined by 17 points in one day.

No confidence. Ushering in the new year Samvat 2046, the index dropped 9.21 points to 746.58 (1 November) reflecting lack of investor confidence. The volume of transactions, which was on an average of Rs.100 crore, has fallen to Rs.30 to 35 crore in the sessions after the elections were announced. Institutional investors dominated the transactions in the ring.

The elections continued to be the predominant factor despite encouraging half yearly corporate results trickling in. With 15 states commencing polling on 22 November, the BSEI fell slightly to 711.69 and formed a new low (in recent times) at 695.89 (23 November).

On 27 November, as results of the Lok Sabha elections started coming in, the BSEI went up a meagre 2.92 points to 698.81. Which was short lived: the BSEI fell by a whopping 20 points to 678 the next day. But even that is only temporary; the lacklustre trading will continue till a new government is formed and its policies are announced.

Optimistic, cautious, unconcerned...

The dramatic results of the general election drew reactions from businessmen reflecting feelings ranging from hope and gratification to disillusionment or plain indifference

**NUSLI WADIA, chairman,
Bombay Dyeing**
I am optimistic
about the future



**S. VISHWANATHAN, chairman,
Enfield**

A coalition government will not have the necessary strength for a stable industrial policy. It doesn't really matter what philosophies are followed, if there is stability. There is a risk that there may not be enough representation from the South in the government. So any economic activity involving the government may slow down; the Centre won't even know what the South needs.



**RAHUL BAJAJ, chairman,
Bajaj Auto**

I foresee no major changes in economic policies of either the Congress (I) or the National Front. If there is a National Front government there is likely to be some limitation on inflow of foreign capital.



The course of the stockmarkets will be determined by the formation of the government and more specifically its composition. And also by the forthcoming budget in which the government

that comes to power will have to spell out its economic policies.

If both these events turn out to the expectation of marketmen, they will react positively. If there is hesitation or lack of direction, on either count, the market would reflect the mood. At the moment, there is no reason to feel that V.P. Singh will not come out with pragmatic measures to boost industrial production.

**V.N. DHOOT, chairman,
Videocon group**

If V.P. Singh heads the government, I don't foresee any problem for industry or business because he has a liberal view about both. If you remember, it was he, in the Rajiv government, who started the process of liberalisation.



I think he is a man of very firm opinion and cannot be influenced by outside forces so easily. So he will do what he believes is right.

Liberalisation by the earlier government was good for industry and business. Any new government, which wants to do good for business and industry should therefore follow the initiatives of the Rajiv government and certainly not alter them. I think the new government under V.P. Singh will more or less continue liberalisation.

**JAHAR SENGUPTA,
chairman, ICI**

I would like to see a government which believes in free enterprise, which creates a competitive environment so that the consumer's interests are protected. This implies a less regulated economy. The Rajiv government started deregulating the economy slowly and the momentum must be carried forward by any government which comes to power.



Coalition governments are basically "prisoners of indecision" and right now indecision could spell doom for the economy. Besides, the BJP is a known supporter of agricultural and small scale sector and it should keep in mind

that they cannot survive without the support of large sector. Much will depend on whether the new government will be able to get people of proven ability and motivate the bureaucracy effectively. But if it loses itself in power politics, there might be a definite deceleration in economy.

**E. BALTIN, managing director,
Hoechst**

I don't see any reversal in the current economic policies whichever government comes to power. In fact, I think there will be more liberalisation. The good experience of the past will only make the new leaders follow the same policies. Though I think the government will have to do something fast about the falling value of rupee. India should not fall into a debt trap. As for the multinationals, I don't see any major reversal of policies on that front either.



**MANU CHHABRIA, chairman,
Chhabria group**

We are not a political group so we are not worried about which side comes in. In any case, the ground rules under which industry functions are clear and bureaucrats will continue to administer them. Liberalisation has worked and the growing size of the middle class, and its buying power, is an indication of that. So before the new government makes any changes, it will study the repercussions.



Frequent changes in management affects the functioning of a company. So how can you expect a government to work if there are many changes?

**H.K. FIRODIA, chairman,
Kinetic
Engineering**

The process of liberalisation and deregulation is unlikely to be affected. I don't foresee any instability



in the case of either the Congress (I) or the National Front forming a coalition government.

There will be a period of stagnation till the policies of the new government are spelt out. Both parties, Congress (I) and the National Front are capable of containing budget deficits and maintaining the tempo of growth in the economy.

The Indian economy is in a great shape and I am confident that, in the case of either major party coming into power, there will be a boom after the budget.

**N.A. KALYANI, chairman,
Kalyani group**

One of the key priorities before our next government will be economic performance and increased output in both industry and agriculture. International and internal pressure will force rulers to continue liberalisation. This is also visible in the reforms which are sweeping eastern Europe. Economic reforms are the answer to achieving a better standard of living and India cannot ignore these changes and isolate itself from the rest of the world.

The stockmarkets are the barometer of what is happening in the economy and will remain very sensitive to political happenings but only in the short run. The Indian economy is poised for takeoff and the new government should take the fullest advantage of what is happening.

**ANIL AMBANI, executive director,
Reliance
Industries**

It is still too early to say what impact the new government will have on business. But I don't see a reversal



of liberalisation. The crucial factor will be the stability of the coalition. If this is not attained, then decision-making could slow down and important problems facing the economy, such as the weak balance of payments position, may not be quickly attended to.



economic uncertainty. The latter is a part of everyday life — changes in demand, tax rates, world markets — and its alternative outcomes are more predictable. But the former has far more unpredictable and serious consequences (on social stability, law and order, economic policies) that can suddenly change the basic rules of the game.

At the same time its impact on individual scrips is different. This is due to a host of other factors mainly economic fundamentals. (See box: Winners and losers.) Thus, scrips like Reliance and L&T, which are most vulnerable to political change, lost heavily after the poll verdict. At the same time, Bombay Dyeing which was out of favour with the Rajiv government (and has also announced good results) gained nearly Rs.20 to Rs.162 by 30 November.

Similarly, the mega issues of September-October lost heavily and most of them are now quoting close to their issue price with a strong likelihood of further declines.

Prices buoyant

Steep falls are also being recorded by scrips with weak fundamentals. Thus tyre and cable shares, which have boomed over

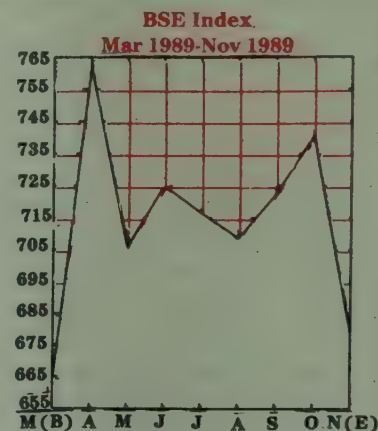
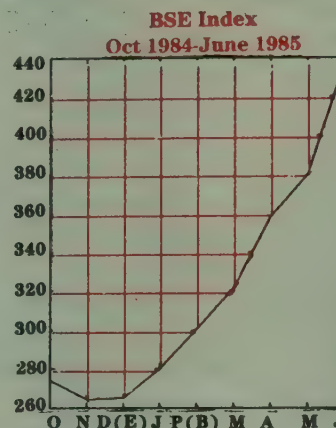
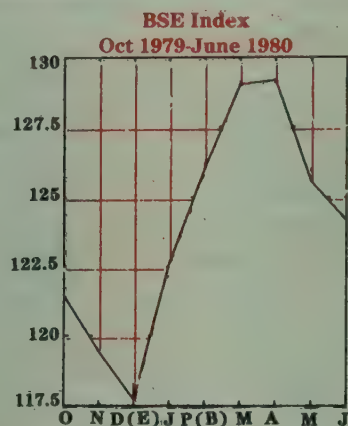
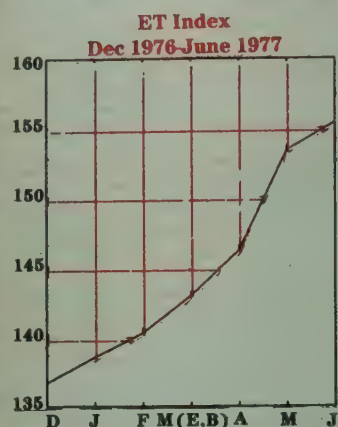
the last few years but are now facing a squeeze on profits, have tumbled (see box). Weak fundamentals, combined with political uncertainty, has proved to be an explosively bearish combination.

True, many industries are doing well and their corporate results have also been good — Asian Paints, Bajaj Auto, Hindustan Aluminium, Grasim (rayon). But their shares have not moved up substantially, indicating that the good fundamentals have already been discounted in the price, that investors are not willing to make fresh commitments, and that the institutions have already bought them in large quantities.

In fact, most technical analysts believe that the BSE index may be entering a prolonged bear phase with volumes picking up at every decline while the rallies brought about by institutional buying are proving weak and shortlived. (This appears as the "broadening pattern" on the charts.)

Thus in the next 3-4 months, till the first budget of the new government is announced, there can be little doubt that share prices will continue to fall before stabilising at lower levels. There is also likely to be considerable volatility, de-

Elections and stock prices: 1977-1989



As the above charts clarify, stock prices since 1977 have usually fluctuated around election time reflecting the uncertainty of the time. Later with expectations of a "good" first budget from the new government, the markets tend to rise.

In 1977, the highly uncertain political scenario caused some prices to drop, while others to remain stagnant. But as March 1977 approached, the budget release combined with Indira Gandhi's exit from power, caused the prices to move upwards (see chart 1, E = Elections, B = Budget).

Similarly, during the pre- and post-

election period of 1980, the BSE sensitive index (BSESI) rose marginally, mainly after the election (see chart 2). But the final budget in 1984 during Indira Gandhi's government, however, failed to meet market expectations and the BSESI index nose dived. The December of 1984, was, however, unusual for stockmarkets: the index showed an upward trend despite elections being round the corner. Then followed V.P. Singh's first budget, which gave the BSESI a strong upward push. This explains the boom of 1985-86 (see charts 3 & 4).

The recent pre-election scenario has

been highly volatile, with the index toppling 17 points on a single day by the mere fact of an election announcement. Strong institutional support however, did manage to salvage this situation. Now, with the election results out, and the country for the first time facing a "hung" Parliament, the index appears to be plummeting once again. The million dollar question, now is: is this just a temporary dip to be followed by a smart recovery sooner than later?

LANCELOT JOSEPH
Research by R. KASHIKAR

pending on the political and economic developments during this period.

The first major development for the markets will be the formation of the new government: which party of the coalition gets which ministerial post? Then the political machinations that are likely to take place: can enough Congressmen be made to shift their loyalties to the Janata Dal and vice versa? The tackling of communal problems: how will the new government deal with the Ram Janambhoomi issue next January given the diametrically opposed views of the communists and the BJP on the communal question?

And last but not the least, the intractable economic problems of huge deficits (on both the external and internal front), inflation (which is now moving at double digit rates), and deceleration of industrial growth. The election manifestos of the three parties likely to form the new government reflect divergent perceptions of these problems and the required solutions. For instance, while the National Front would like to maximise employment, wage goods production and reduce

the role of multinationals, the CPM would like to nationalise and support industries which have a large workforce and the BJP wants to see a reduction in controls. Similarly, while most parties profess that the public sector is an important part of the economy but its performance needs to be improved, the CPM seems to believe that the public sector is being "liquidated" and handed over to private capitalists, which represents a dangerous trend!

But, in practice, when faced with sticky problems and the limited options available to solve them, the area of differences will get considerably narrowed down. But this does not mean that consensus will automatically follow. The separate aspirations of each party and the personal ambitions of the senior leaders for the top job may only mean that more time is spent in bickering and mutual recrimination, than on taking hard decisions. And in such a scenario, there is always the temptation to go in for soft, populist options.

At the same time, it is impossible for anyone to be cocksure about what is going to happen. At the time of going to press

(30 November) hectic parleys between the different parties are going on and the new government is yet to be formed. If the various political constituents are able to ensure a minimum amount of stability, things may not turn out all that badly. It is very unlikely that any new government will be in a position to reverse the liberalisation process; industry is now too large and dynamic for this to be easy. The rise of a consumerist middle class in the eighties with sufficient purchasing power and a strong voice makes it far more difficult, politically, to take the so-called "austere" measures like increasing taxes.

Similarly, the stockmarkets are now too important a source of funds for industry, including the public sector, for any government to emasculate. So whatever may be the pre-election rhetoric, when it comes to the brass tacks, the new government is likely to be quite pragmatic on the economic front. In which case, the current nervousness of the stockmarkets may prove to be rather short-lived.

MUKARRAM BHAGAT


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Some distinguish it.



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Mexico City. Paris. Bangkok. Rio. Sydney. Cairo. And nearly a hundred other major cities.

The actual number of passengers will be about 675 million.

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But when you consider that Boeing airplanes take off or land about a million times a month, an



unbelievably large number becomes
largely believable.

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lot of airplanes. We deliver a lot of
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Give your home the divine splendour of Royale. Supreme luxury acrylic finish. The finest premium among premium emulsions. Perfected on earth by Asian Paints.

WHAT GOD DID FOR THE EARTH



ROYALE
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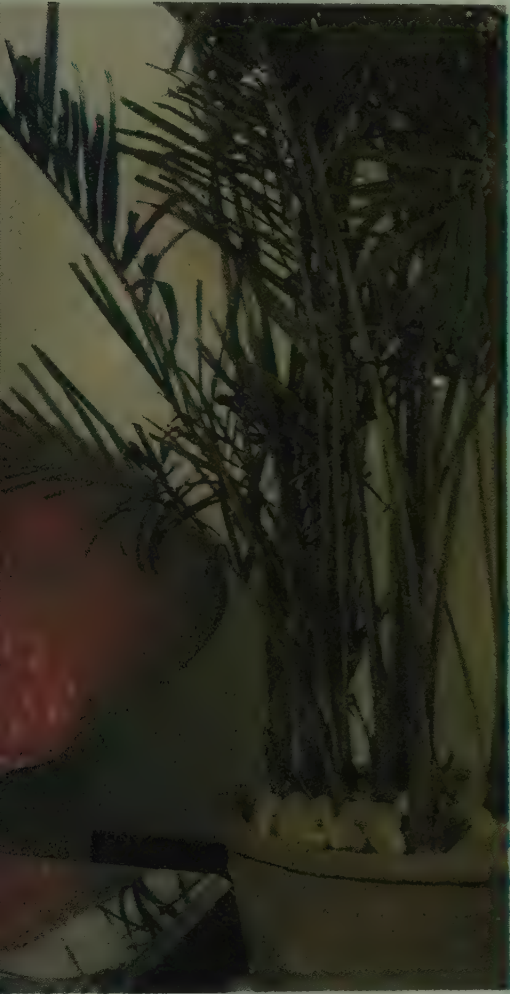
asian paints





The symposium had begun. The Chinese were there in full force. And me. Alone. Answering questions. Running the show. Representing a whole country can be very taxing. "Excuse me...", whispered a quiet voice behind me. I turned around, unaware of the unusual question about to be asked. "What is this that you are wearing?", asked the wiry Chinese delegate pointing to my Safari suit. Taken aback by the question, I told him. "It's very smart... and looks very cool. Where can I buy a few?" I told him that my wife did most of my shopping, but Park Avenue was a good bet. He smiled.

And disappeared. I went back to my task. Answering questions. Running the show. And offering advice on Indian clothes. To Chinese businessmen.



FOR THE MAN WHO KNOWS HIS OWN MIND.

Golden moments. McDowell moments



Irresistibly McDowell's

Make mine
McDowell's
That's how we like it

BLUE STAR

Hot on change

Traditionally a trader, the company is now moving seriously into manufacture, hi-tech areas and exports, shedding some rigid attitudes along the way

At age 46, Blue Star is striving hard to change. The staid, conservative attitude to business, after four decades of holding sway, is giving way. Suddenly, customers have become important to the company. And so have the needs of its own employees.

In addition, after years of being synonymous with the air-conditioning and refrigeration market, the Bombay-based Blue Star Ltd is also making conscious efforts to branch out into new high technology areas. And in what can be seen as a distinct shift from traditional lines of thinking, expansion of the manufacturing base in electronics is being given more importance.

The formation of Yokogawa Keonics, which went public last fortnight, symbolises the company's new approach to business.

Area of operations

Blue Star began as a small air-conditioning repair unit way back in 1943. But the last four decades have seen it grow into a multi-division, multi-product, manufacturing, contracting and marketing company. Its area of operations today includes electronics, industrial projects and consumer appliances, apart from its mainstay — central and industrial air-conditioning

and refrigeration. Blue Star's major activity has always been contracting, which contributes almost 50 per cent of its revenues. Almost 20 per cent comes from manufacturing, while the remaining is from its trading activity. After having crossed the Rs.100 crore turnover mark three years ago, Blue Star has not looked back.

Having made trading something of a tradition, the company (equity base: Rs.3.5 crore only), also suffers from the drawbacks associated with rigid conservatism. Not only has it been slow to react to changing times, it has lacked much-needed risk-taking entrepreneurship and has been more inward looking. Secure in its knowledge that it ruled the air-conditioning market (along with Voltas), air-conditioning market, Blue Star later realised that with more companies getting into the business the customers had a much wider choice after all. With the entry of Utility Engineers (formed by a splinter group from Voltas) Blue Star finally felt the need to change attitudes, and look closely at its priorities. And Ashok Advani, chairman and chief executive, was the first to accept this.

Even at the time the founder Mohan Advani died in 1974, the company had little interest in activity other than trading.



Ashok Advani: steady, sustainable growth

After his death his brother B.T. Advani took over as the chairman. Ashok Advani was only to take over as chairman of this closely held family company (the Advani family and close relatives hold almost 50 per cent of the stakes), 10 years after his father's death. It was during the time of R. Malani, who was in charge after B.T. Advani retired, that Blue Star seriously started looking at areas of operation unrelated to air-conditioning and refrigeration. A host of new electronic products was added to the trading list.

Once the Harvard and MIT-educated Ashok Advani became chairman and chief executive, the change began in right earnest. Ashok Advani says, "I wanted to get into manufacturing and hi-tech areas because I know the future lies there". Younger brother Suneel Advani, also a MIT alumnus, and with a keen interest in historical biographies shares the same feeling. In fact, it is the latter who is responsible for the new projects Blue Star is getting into.

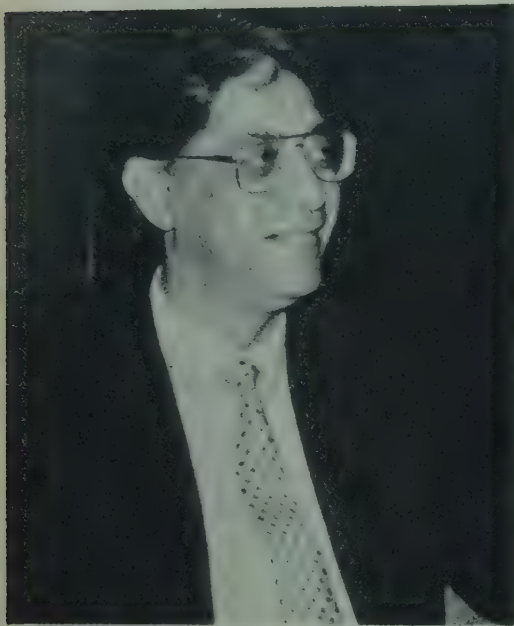
Diversification forays

And the last five years have witnessed many changes in the company. Though trading still brings in the bulk of the revenue, manufacturing too has become important. In fact, diversification forays into manufacturing, joint ventures and development of personnel and customers have been the highlights of these years.

When it came to diversification, Blue Star decided to tap the electronics segment. Since it was representing several internationally known electronic companies like Hewlett Packard, Blue Star thought it had access to the right kind of expertise.



Electronics units, Gandhinagar: dead duck



Suneel Advani: major export thrust

The first product it started manufacturing was the EPABX in collaboration with the French company Jeumont Schneider at its new electronics facility in Gandhinagar.

But this did not take off. Lack of experience in manufacturing of electronic goods proved a major reason for the fiasco. Says Suneel Advani, "When private companies were given licenses in 1983-84, we thought we had a good chance. But by the time we could set up the facility, the C-DoT technology was also made available. So in a crowded market, we could not do well". The fact is, no market survey had been carried out and the projections on which the

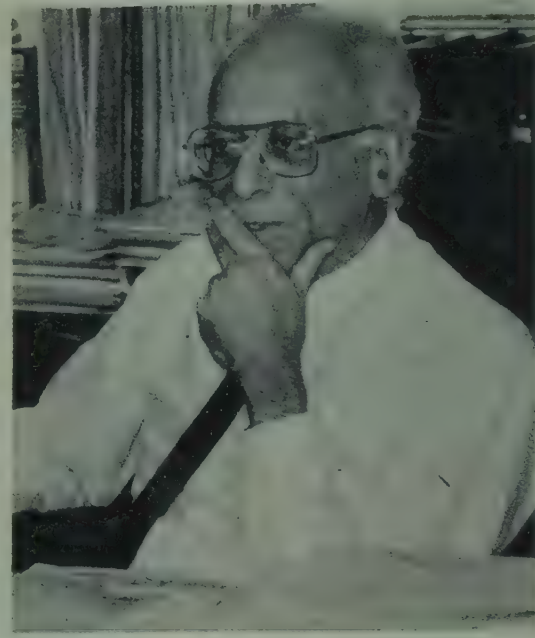
company was working proved inaccurate. Moreover, as uncertainty about the size of the EPABX market persisted, land acquisition and of the plant got delayed. So, by the time Blue Star launched the product in the market, they had already lost the race, point out industry sources. So after having spent Rs.6.5 crore to set up the Gandhinagar (Gujarat) facility all Blue Star had in its hands was a dead duck.

The appliances division, which manufactures water and bottle coolers, deep freezers and walk-in refrigerators and markets a host of other consumer goods, faces the problem of deciding which product should get priority in its ever-increasing product list. The company took a severe beating in the market when it began selling TV sets. Its home refrigerator, which is bought from Kelvinator and sold under the brand name of Leonard, has a miniscule five per cent of the market and the water cooler sales have not really taken off because of lack of demand.

Product differentiation

The company, therefore, has decided to go in for product differentiation to get back its foothold. To begin with, it has recently introduced a new range of room-air conditioners with novel features like electronic filter alarm and electronic thermostats. In case of water-coolers, it has introduced the small wall-range which doesn't cover space and is aesthetically appealing.

However, in industrial and central air-



Jhangiani: aiming for the USSR

conditioning area, for long the company's mainstay, Blue Star has been doing substantially well. With the market in this segment growing at about 70 per cent a year, Blue Star has tried to make the most of it. Since the market leaders Voltas lost its collaboration to the world famous Carrier Corporation of the US and competition became hot with the entrant of two new companies, Utility and Aircon, Blue Star decided to bring in new technology about two years ago.

Its tie-up with York International to manufacture centrifugal package chillers and reciprocating semi-hermetic com-

The range of activity

For managerial purposes, Blue Star is divided into four divisions, each concentrating on one sphere of activity and based at three plants in Thane (Maharashtra) and Bharauch and Gandhinagar (Gujarat). The four divisions are: air-conditioning and refrigeration (mostly projects and manufacture of various air-conditioners); electronics (trading in a series of electronic equipment, and manufacture of some products like EPABX); appliances (mostly trading); and industrial projects.

The AC&R division: One of the foremost contractors in the field. Recently tied up with York International, USA for centrifugal packaged chillers, reciprocating packaged liquid chillers, air handling units and cooling coils.

Manufacturing: Packaged air-conditioners, split air-conditioners under the brand name of Climatizer, and

others. These are manufactured in collaboration with York.

Contracting: Supply and installation of turnkey projects for complete air-conditioning, refrigeration and ventilation. Major air-conditioning projects undertaken include the President's Palace in Damascus, Syria (worth US \$18 million), and University of Baghdad. Projects at home: ONGC, Dehradun, Pepsi Company, Reliance Textiles, IPCL and others.

Electronics division: Represents names like Hewlett Packard and Motorola in India. Has floated three joint ventures in Bangalore recently which include one with Hewlett Packard (India). The unit will manufacture test and measuring instruments. The second venture, with Motorola, will manufacture modems and telecom products. Blue Star holds 40 per cent equity in the company while Motorola holds another 40 per cent. The third company

being set up is Yokogawa Keonics. It will manufacture process control equipment and systems.

The division's Gandhinagar plant manufactures gas and liquid chromatographs, as also environmental test chambers. It markets a series of Hewlett Packard computers, medical electronic and test and measuring and analytical instruments. Also has a software unit in SEEPZ.

Appliances division: Manufactures water and bottle coolers, deep freezers and walk-in freezers. Markets home refrigerators, gas cooking ranges, television sets and room air-conditioners. Expected turnover next year Rs. 60 crore.

Industrial division: Manufactures the Stameco coil processing line at Bharauch. Contracts for metal coil processing lines, tube mills, thermal captive power plants and chemical and process plants.

pressors has given it an edge over others. Since both Utility and Carrier Aircon are comparatively new names Blue Star is still favoured because of its established reputation.

Another new technology that Blue Star proposes to bring to India is that of absorption chillers which use waste heat for cooling. Incidentally, Thermax has already signed up with Sanyo of Japan for this technology. The strategy in this segment has been simple: keep ahead of the others technologically and you will not lose. Moreover, since Blue Star has been undertaking air-conditioning projects abroad quite regularly, it has been exposed to new technologies, thus helping it choose the best for use within the country.

But in the last one year, its project exports have shown a decline. Due to a lack of overseas projects, of which Blue Star handled many in the Middle East, the fall in revenues generated by this segment has been dramatic — from Rs.21 crore in 1988 to Rs.3 crore last year. Blue Star has now decided to export packaged units and the first market to have been tapped is the Soviet Union.

Export thrust

This year, the first consignment of packaged units worth Rs.13 lakh was exported. Environmental test chambers, manufactured at the company's Bharauch (Gujarat) plant, under licence from Tenney of UK, have also been exported. H.M. Jhangiani, executive director, feels "there is a huge market waiting to be tapped in the USSR." And he just might be right, since almost 30 hotels are planned in the Soviet Union as Indo-Soviet joint ventures, and Blue Star is hopeful of getting a few contracts as and when they come along. In the coming years, exports is going to be a major thrust area for the company. Suneel Advani, vice president, says, "In the next ten years, I want to see most of my revenue come from abroad".

However, in its haste to get into manufacturing Blue Star has signed three joint ventures, all in electronics. Although the new companies have been formed with renowned names like Hewlett Packard, Yokogawa and Motorola, Blue Star does not have a controlling share in any of them.

Hewlett Packard, with whom Blue Star's association goes back 17 years, was extremely keen on setting shop in India, and spoke to many computer companies, including major players like HCL and Wipro. HP was not sure of Blue Star since "we did

Financial highlights

(Rs crore)

Year ended	31 March 1989*	30 June 1988	30 June 1987	30 June 1986	30 June 1985
Total income	110.18	152.16	124.72	102.43	81.73
Cost of sales and services	103.49	144.33	117.20	96.04	76.91
Operating profit	6.69	7.83	7.52	6.39	4.82
Interest	2.34	2.75	2.90	2.31	1.26
Depreciation	0.93	1.07	0.98	0.96	0.54
Taxation	0.71	1.15	1.10	0.90	1.37
Net profit	2.71	2.86	2.54	2.22	1.65
Equity capital	3.55	3.55	3.55	2.22	2.22
Free reserves	11.85	9.77	6.70	6.53	4.82
EPS (Rs)	7.61	8.04	7.14	9.97	7.47
Dividend (%)	18	18	16	22	20
Gross profit margin %	6.07	5.15	6.03	6.24	5.90
Net profit margin %	2.46	1.88	2.04	2.17	2.02
Income to capital employed (times)	2.96	4.38	4.11	4.15	5.58
PAT as % of net worth	17.50	21.33	24.56	25.11	23.14
* For 9 months					

not have any electronics manufacturing experience," says Suneel Advani. However, the terms and conditions it offered were not found suitable to anybody except Blue Star, which came in with 20 per cent of the stake.

Industry sources say Blue Star's association with HP or its capability had nothing to do with the joint venture. HP was desperate to get a foothold and in Blue Star they found a willing partner. In the case of Yokogawa too, Blue Star is the minor partner with 26 per cent, the equity being spilt three ways with Keonics. The 20 per cent in HP (India) confirms the view that Blue Star had its hands tied when it came to talking cash. With equity participation in three joint ventures, and funds required for internal expansion, Blue Star had little choice.

Clearly, Blue Star's willingness to change has made the company take more risks and venture into new areas of operations. The days of suspiciously eyeing anything new seem to be over. And since it always has been a strong marketing organisation, it has been able to make the best use of opportunities. But as a competitor says, what is important is Blue Star's ability to retain its people, although he feels this has also been detrimental to the company's growth.

All in the family

To an extent he is right. Till recently, Blue Star was more of a Sindhi company, welcoming people specifically from this community into its folds. With family members sitting at key decision-making positions,

there was little opportunity for others to grow. "Managers who work for 20 years in the same company tend to run out of ideas. They take things for granted," says a senior manager of a rival company. However, of late there has been an infusion of fresh blood and a revision of personnel policy.

Blue Star is one of the few companies to have hired the services of a consultancy organisation to carry out a survey of its employees, ascertain the company's shortcomings and asked for solutions for rectifying them. Another survey of customers indicated that awareness of their needs is low within the company and that Blue Star was actually losing ground in this respect.

So over the last three years, inter-divisional interaction and interaction with customers have increased. Says G.S. Anand, vice president, personnel, "the finding of the employee opinion survey were hard to take. We learnt that employees felt that we were not sharing enough information with them". Corrective measures were immediately taken and management-staff meetings became a regular feature.

But the process of change is slow, since Blue Star is still wary of moving away from the traditional lines of business. Though revenue from manufacturing has shown an increase, the bulk still comes from contracting and trading. Says Ashok Advani, "We have no great ambition to become a Reliance or a L&T. I much prefer sustainable, steady growth".

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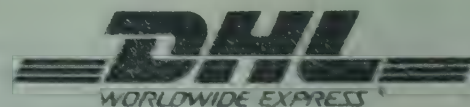
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SPECIAL STEELS

Back on the rails

For a company which had wiped out its share capital twice over, to be able to pay dividends in two and a half years' time and declare a handsome bonus five years later, speaks volumes of the new Tata management, particularly some senior executives of Tisco

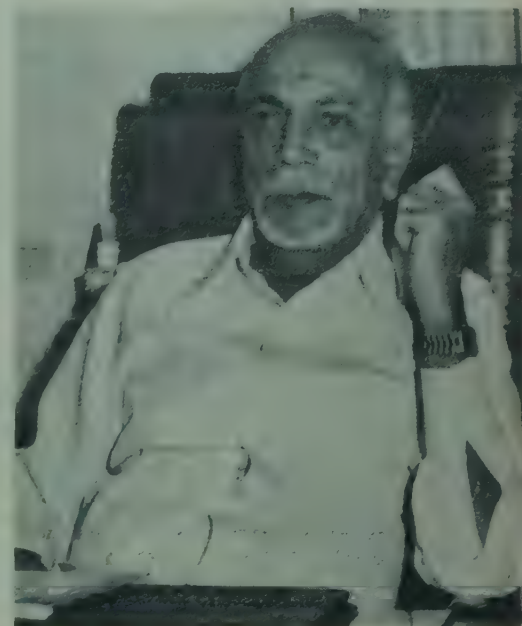
Special Steels Ltd (SSL) which was a sick unit in the Shapoorji Pallonji fold, with accumulated losses of Rs.12.43 crore against an equity capital of Rs.5.09 crore as on 31 December 1984 has been able to wipe out the losses and build up handsome reserves of Rs.21.30 crore. (equity capital Rs.7.59 crore) as on 31 March 1989. This has prompted the company to increase dividend and declare a bonus in the ratio of 1:2 after a gap of 17 years. By the time the Tatas took charge in August 1984, the company was driven into the red. Not because of mismanagement but lack of industrial culture and due to the unfavourable conditions prevailing in the steel wire industry. "SSL was structurally a good company," says S.A. Sabawala, chairman, SSL and vice chairman of Tisco which owns 51 per cent of its equity. "But the lackadaisical work culture and the non-availability of basic raw materials — scrap and billets — led to under utilisation of capacity and sickness."

In 1961, when import substitution was the call, SSL began with a wire drawing plant with a 10,000 tpa capacity at Borivli, in Bombay. But as the company entered

the 70's and the wire drawing capacity increased, SSL realised the need for a wire rod mill. Hence, in 1977, the company started building a wire rod mill (WRM) at Tarapur, Maharashtra at an original cost of Rs.8.88 crore. However, the WRM went into commercial production only in 1982 at a cost of Rs. 14.47 crore.

Backward integration

Meanwhile in 1980, SSL took over a sick mini steel plant of the erstwhile Gogte Steels Ltd (GSL). Interestingly, GSL was earlier leased by SSL. The takeover comprised a backward integration programme which would produce billets from scrap to be used as raw material for the wire rod mill and in turn would make optimum utilisation of the wire drawing capacity as conceived by the Shapoorji Pallonji management. But what happened was exactly the opposite. In 1980-82, the wire industry witnessed a demand recession, a steep hike in steel prices and fierce competition from the small scale firms. SSL reported a loss of Rs.2.39 crore for the year ended 31 December 1981. (This could have been considerably lower but for the



Sabawala: "SSL was structurally a good company"

teething trouble encountered in the revival operations of GSL's mini steel plant which was closed from February 1977.) The delay in commissioning the wire rod mill, that led to a cost over-run, also was an added drain on SSL's financial resources.

According to the old management, with the commissioning of the wire rod mill at Tarapur in 1982, the operations of the mini steel plant at the same location would have been placed on a viable footing because the plant could have operated at optimum capacity and the production could have been utilised for captive consumption by the wire rod mill. This would have resulted in assured supply of steel wire rods to the wire drawing units at Tarapur and Borivli, thus improving their performance which was underutilised to an extent of almost 40 per cent of installed capacity.

Production step-up

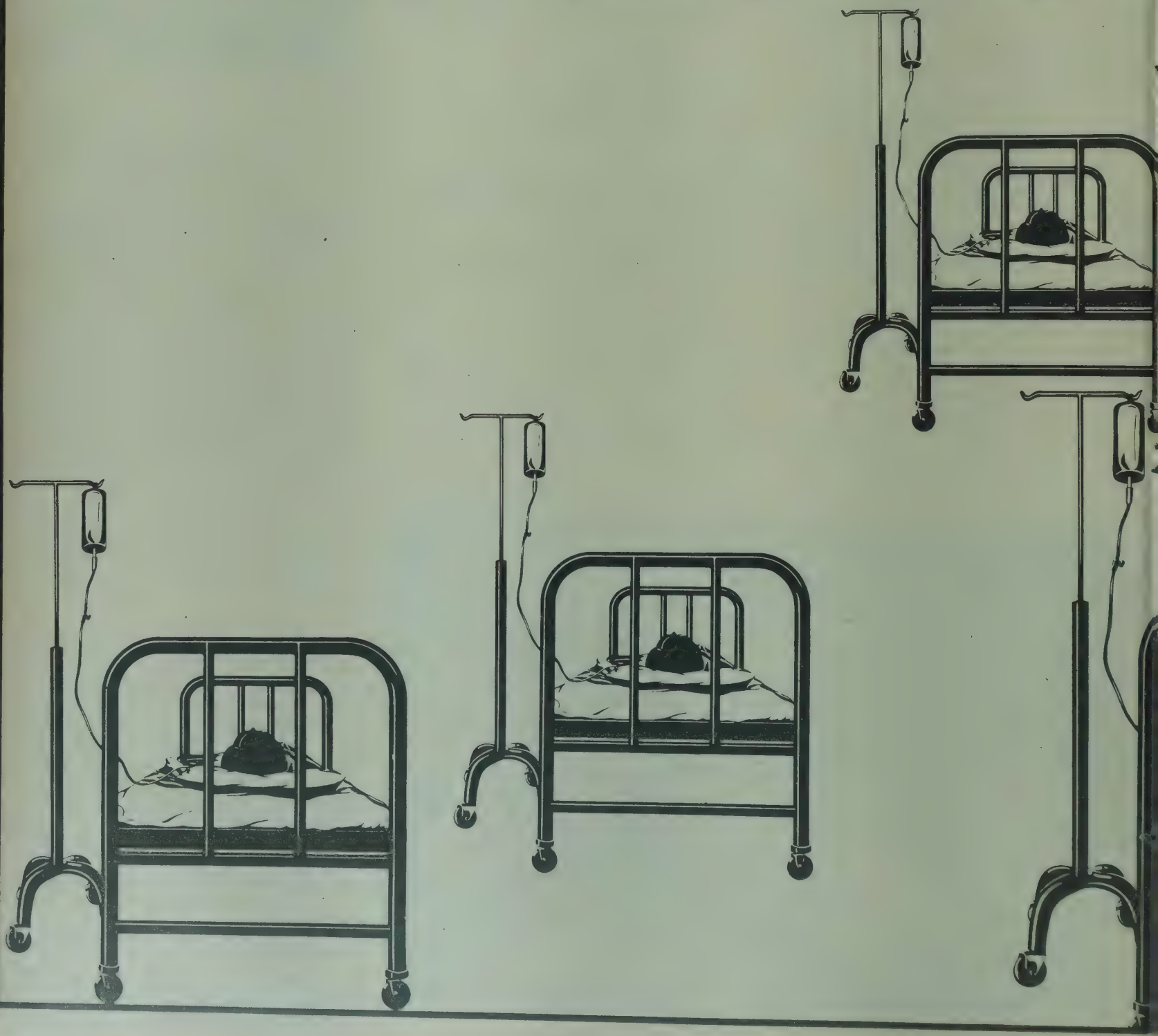
In 1983, SSL's production of billets improved from 22,776 tonnes (1982) to 41,574 tonnes against an installed capacity of 50,000 tpa, but this was not enough to achieve optimum production at the wire rod mill. "However the wire rod mill did operate at around 90 per cent of the licensed capacity," says, Deva Prakash, managing director, SSL, who was formerly with Tisco. "This was possible on account of substantial contract orders received by SSL from Tata Iron and Steel Co (Tisco) for rolling wire rods from their billets".

"While slackness of demand and poor realisations for wire products continued through 1983, the market for wire rods also deteriorated. But for this, the capacity



Wire drawing plant at Borivli: new work culture

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utilisation and contributions at the wire rod mill could have been higher", says F.J. Dacunha, vice president (finance), SSL, also a Tisco man, who adds, "the profit margins were also under tremendous pressure and the increased cost could not be passed on to the customer as the demand was still slack."

"In 1984, while using SSL as a contractor to process billets, the Tatas perceived the company as a case that could be turned around and after identifying the strength and weakness of the company, Kalamati Investment Co. Ltd, a wholly owned subsidiary of Tisco acquired 51 per cent of SSL's equity, thus making SSL a Tisco subsidiary."

Tisco stepped into the company with effect from 30 August 1984. "In fact, the Tisco management then contemplated on closing down the Borivli plant which employed 1,800 odd workers for a production of less than 3,500 tpm. But after continuous rounds of discussion with the workers, the management introduced a proper work culture and today there is a remarkable change with the plant producing over 6,000 tpm," says Sabavala. Talking to SSL workers (Borivli), who owe allegiance to Sharmik Utkarsha Sabha led by Vijay Kamble revealed that the earlier management always fulfilled the monetary demands. But when Tisco stepped in and the talks of a closure were on, the new management took the workers into confidence regarding the problems the company faced and the viability of the unit, after which an agreement was signed linked to productivity. The Tisco's give-



Prakash: "volume is the name of the game"

and-take policy was appreciated by the workers. Production norms were fixed, and proper control introduced on stores and inventory which continue even today.

"The new management's (Tisco) induction in SSL ensured the availability of raw materials (billets), which resulted in better capacity utilisation of the wire rod mill, and improved production and overhead absorption which were reasons for better margins," says Nimo L Punwani, vice president (commercial), SSL. With the first full year of Tisco's involvement, SSL managed to almost halve its accumulated losses from Rs.12.43 crore on 31 December 1984 to Rs.6.40 crore on 31 December 1985.

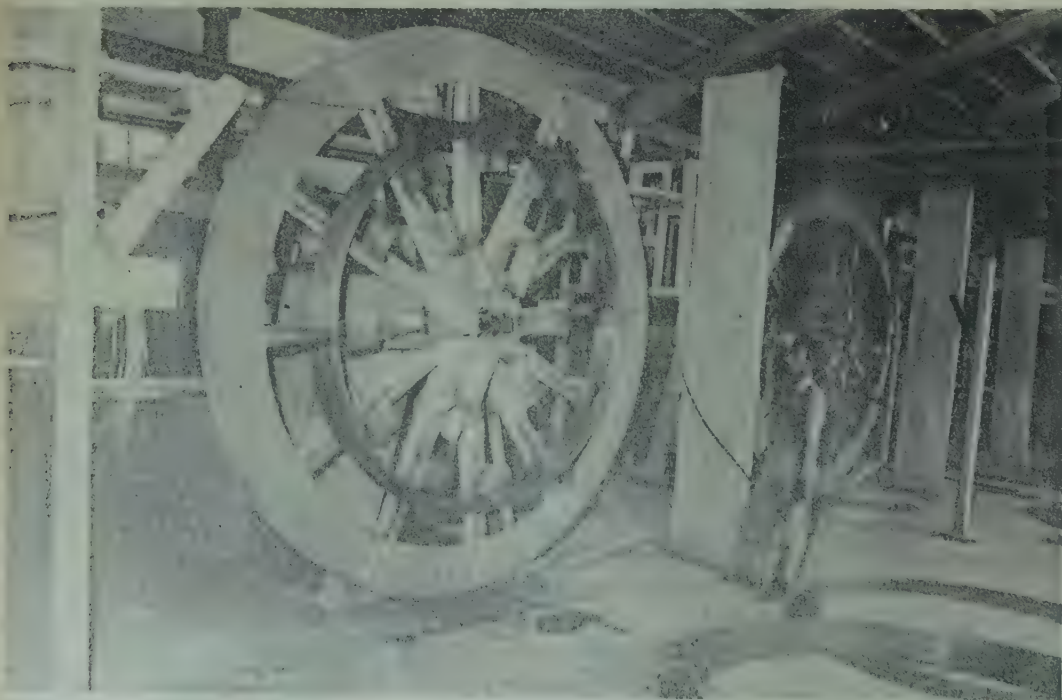
"Even the capacity utilisation at all the plants increased resulting in economies of scale," says Dacunha.

"In order to counter the competition from the small scale sector, SSL upgraded its product mix to more value-added items with better sales realisations. SSL concentrated on alloy steel wires used in the making of ball bearings, fasteners and other automobile parts as well as high carbon wires used for pre-stressed concrete wires which are used for railway sleepers and heavy construction activities," says Punwani.

The volume game

Since then the company has never looked back. It has reduced its losses year after year and managed to pay dividend from 1986 onwards. During the recent 15 month period ended 31 March 1989, the wire drawing plant achieved more than 100 per cent of the annual rated capacity. But production at the mini steel plant was lower than the previous year mainly on account of power shortages that affected the Tarapur units and the shortfall in availability of scrap. Shortage in output of billets resulted in lowering the capacity utilisation of the wire rod mill. "The company turned around mainly due to productivity where volume is the name of the game," says Prakash.

In January 1988, SSL had drawn up a modernisation programme at its mini steel plant which enabled the company to increase its production capacity by 12,000 tpa to 72,000 tpa. The first phase of the programme comprising introduction of



Wire drawing unit at Tarapur: achieving more than 100 per cent of the rated capacity

water cooled panels and modern pollution control equipment has been completed. The second phase, relating to installation of ladle furnace and high power transformer to take care of power problems, was to be completed by August 1989 but it has yet to take off. It is believed that there has been a delay in the second phase as the first has not yet achieved the desired goals. "The modernisation programme, when completed, will result in higher output, cost reduction and better quality of steel with the consumption of power falling by 150 units per tonne from the present 800 units," says Dacunha.

Import of scrap

The acute shortage of scrap and its spiralling prices had adversely affected the working of the mini steel plants. The domestic availability falling short of the requirements, most of the scrap has to be imported. In fact, the price of imported scrap had reached a record high level of \$ 200 per tonne in 1988 from \$ 120 per tonne in 1987. It is currently at \$ 165 per tonne with the international market softening. "There has been a worldwide growth in electric furnace capacity combined by a gradual depletion in the number of ships broken, therefore an increased scrap price," says Punwani. According to Sabavala, "Due to the foreign exchange constraints, a sharp cut was imposed last year on scrap imports, which were pegged at only half of the total requirement of the mini steel plants in the country."

In the last budget, the government in-



Automatic packaging facility

creased the import duty on scrap from 20 per cent to 25 per cent which made matters worse. SSL has been importing directly through REP licences, in order to keep its operations going.

With Tisco holding 51 per cent of SSL's equity capital, and the financial institutions another 40 per cent, a meagre 8 per cent is left with the public. In 1986, when the company received its sanction from the government to increase its wire rod mill capacity to 96,000 tpa, the government imposed a condition that Kalimati Investments (Tisco's holding company) should reduce its share holding to 40 per

cent. Obviously this Tisco did not like to do, especially when it was responsible in putting SSL back on rails. Says Sabavala, "It was not fair. We took over SSL with the blessings of the financial institutions which stipulated that unless the mill produced 96,000 tpa, which was not feasible. And then at the time of SSL's expansion the government was saying such conditions. However, after a series of discussions with the government, the condition of dilution was deleted."

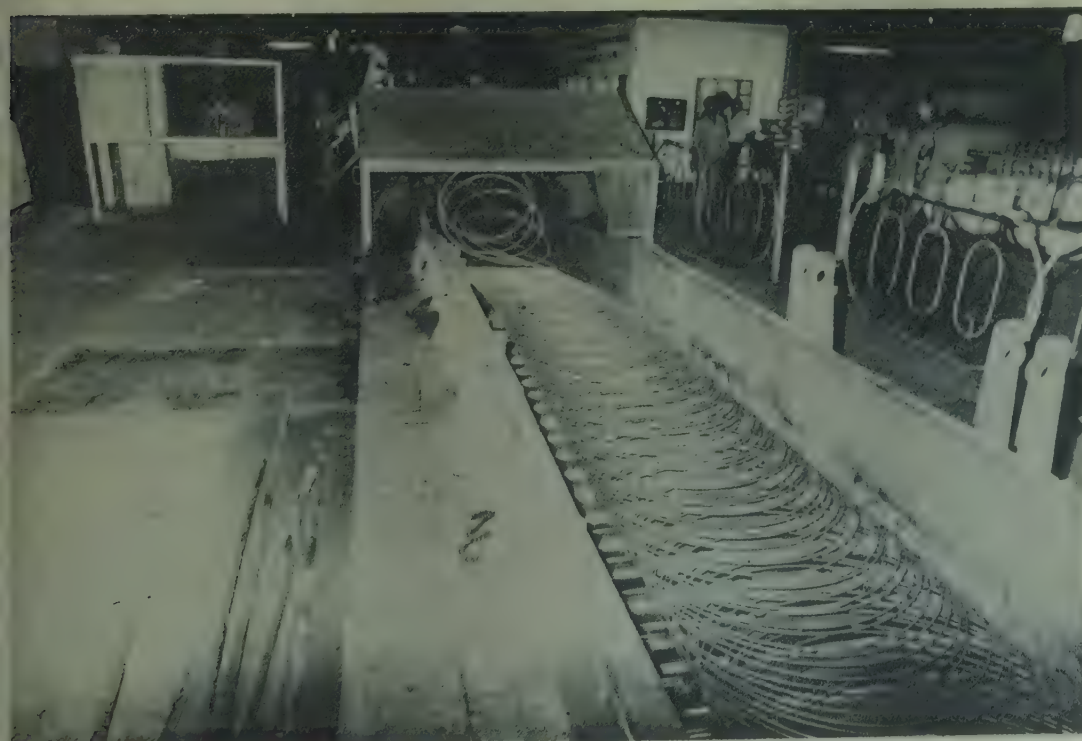
The stockmarket observers felt that the government should not have backpedalled on this condition because there is an absence of liquidity in the scrip. But Sabavala's argument is that the financial institutions could also reduce their holding, since it is Tisco that has nursed SSL back to health.

The wire market is currently booming and SSL has also been faring well in the export markets in the US and the Middle East. "The increasing exports will draw long term benefits by helping us cushion the ups and downs in the domestic market," says Dacunha.

SSL has plans for a diversification programme too. The company has put in an application to set up a 100,000 tpa capacity cold rolled steel mill. "Since it is an import substitution item, getting licence will be easy," says Prakash. "We are targeting at specialised deep drawing and extra deep drawing steels, which are presently imported to meet the requirements of the automobile, refrigeration and air-conditioning industries." SSL being located in the western region which is a large market for such products, SSL's diversification programme seems very appropriate. "With Tisco going in for hot rolled steel, the availability of raw material will be ensured," says Sabavala. The project to be commissioned by 1991-92 is estimated to cost Rs.100 crore and will be partially financed by internal accruals and a rights debenture issue. "The cold rolled project will bring about an import saving of around Rs.80 crore," says Dacunha.

Tisco management feels that it may get into a second bout with the government in the dilution issue again when the cold roll mill project goes for clearance. That is to be seen. Meanwhile the company is also looking into the possibilities of diversifying into the manufacture of steel wire for radial tyres.

Clearly, SSL is now all set to become a significant steel company in its own right.



Wire rod mill at Tarapur: Tisco orders to the rescue



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MADRAS FERTILISERS

The turnaround

A systematic tackling of the problems the company was bogged down with, has helped it to bounce back into the black

From a net loss of Rs.26.05 crore in 1987-88, Madras Fertilisers Limited (MFL), a Madras-based public sector unit, has notched up a pre-tax profit of Rs.11.1 crore during 1988-89. Sales turnover increased from Rs. 160 crore to Rs. 273 crore during the same period. "MFL tightened its belt, and adopted a professional attitude towards problem-solving," explains L. Vasudev, MFL's chairman and managing director, who assumed office in February 1987, when the company was going through a really bad patch. A shut-down of the ammonia and urea plants due to water shortage, problems with contract labour, as well as recurring power shortage had a serious impact on the bottom line. The result was an erosion in the net worth from Rs.41.80 crore in 1986-87, to Rs. 15.74 crore in 1987-88.

MFL's plant in Manali was commissioned in 1971, as a collaboration between the government of India and the American International Oil Company belonging to the AMOCO group. All subsequently sold a part of its holding to the National Iranian Oil Company (NIOC). NIOC still holds 32 per cent of the equity of the company.

Until American International disinvested in 1985, it retained control over the management and culture of the organisation and up to 1980, and the managing director of MFL was a nominee of the American company. The main problems at the time of disinvestment was an ageing plant, a militant labour force — the bagging and shipping lines were the trouble spots — and the inability to get clearance for its Rs.550 crore expansion programme. But Vasudev, who had served MFL as its financial controller before, initiated a new approach.

An obsolete unit

The plant at Manali was first on the agenda. Given that the average life of a fertiliser plant is 15 years, the Manali unit was obsolete. "So we literally had to look at the nuts and bolts of the plant," explains R. Chandrasekaran, co-ordinator, finance and accounts. The only option available was to optimise production through changes in operating and maintenance procedure. Plant operations were stream-

lined resulting in an additional yield of 15 to 20 tonnes per day (tpd) of urea, valued at over Rs.50,000 per tonne.

Bulk movement of NPK (complex fertilisers) was introduced to avoid hold-ups in the bagging and shipping lines (these are not mechanised). The decision to introduce bulk loading of fertilisers onto waiting trucks also meant that MFL could do its bagging at its godown at Tiruvottiyur without holding up production whenever the permanent employees went on the war path. "Automatic bagging machines are being installed with the co-operation of the unions. The existing staff in this section will be trained and redeployed," explains Vasudev. Considering the fact that the bagging and shipping section have been historically troublesome, this move is strategically important. This toning up of the plant and its operations brought visible results. Production reached an all-time high of 6.34 lakh tonnes during 1988-89.

A recalcitrant contract labour which was a major problem, was tackled next. The opportunity arose in April 1988 with a go-slow by contract workers, which inten-

sified in July. The management decided to take a firm stand, and appointed a new contractor, as the existing contract drew to a close, at about this time.

Marketing was simultaneously toned up to handle the increased production. "Several cost-cutting measures were introduced," explains K.V. Menon, general manager marketing and distribution. Earlier 75 per cent of the material was despatched by rail, but this has been changed to 80 per cent by road and the remainder by rail. "In addition to quicker movement, this resulted in a saving of Rs. 40-50 per tonne," says Menon. Faster movement also enabled the company to cut down on creating warehousing space.

Unaffected

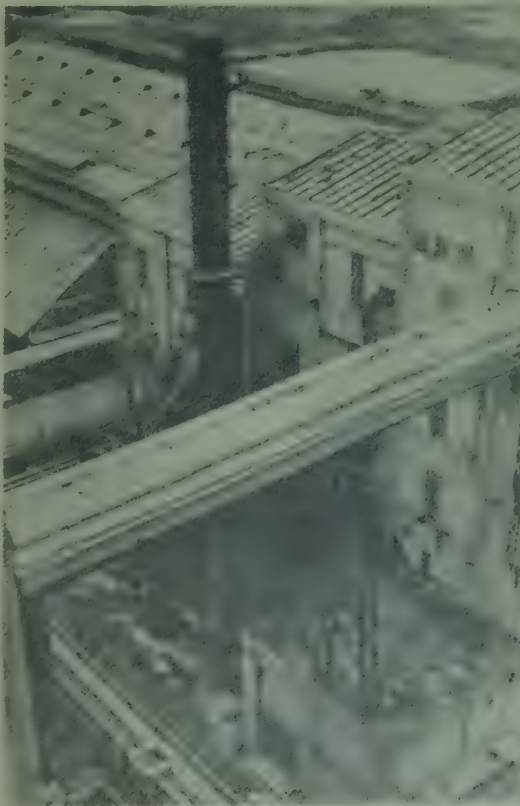
MFL being an old plant, the recent charges on the pricing policy will not affect it dramatically. The norm for capacity utilisation have been retained at 80 per cent for the ammonia plant too.

MFL is also looking ahead. Earlier, it had submitted a proposal to set up a Rs.550 crore naphtha-based project with a capacity of 1350 tpd of ammonia and two urea plants of 1125 tpd each. But non-availability of naphtha in the vicinity was a major stumbling block, and this was one reason for non-approval of MFL's expansion plans earlier.

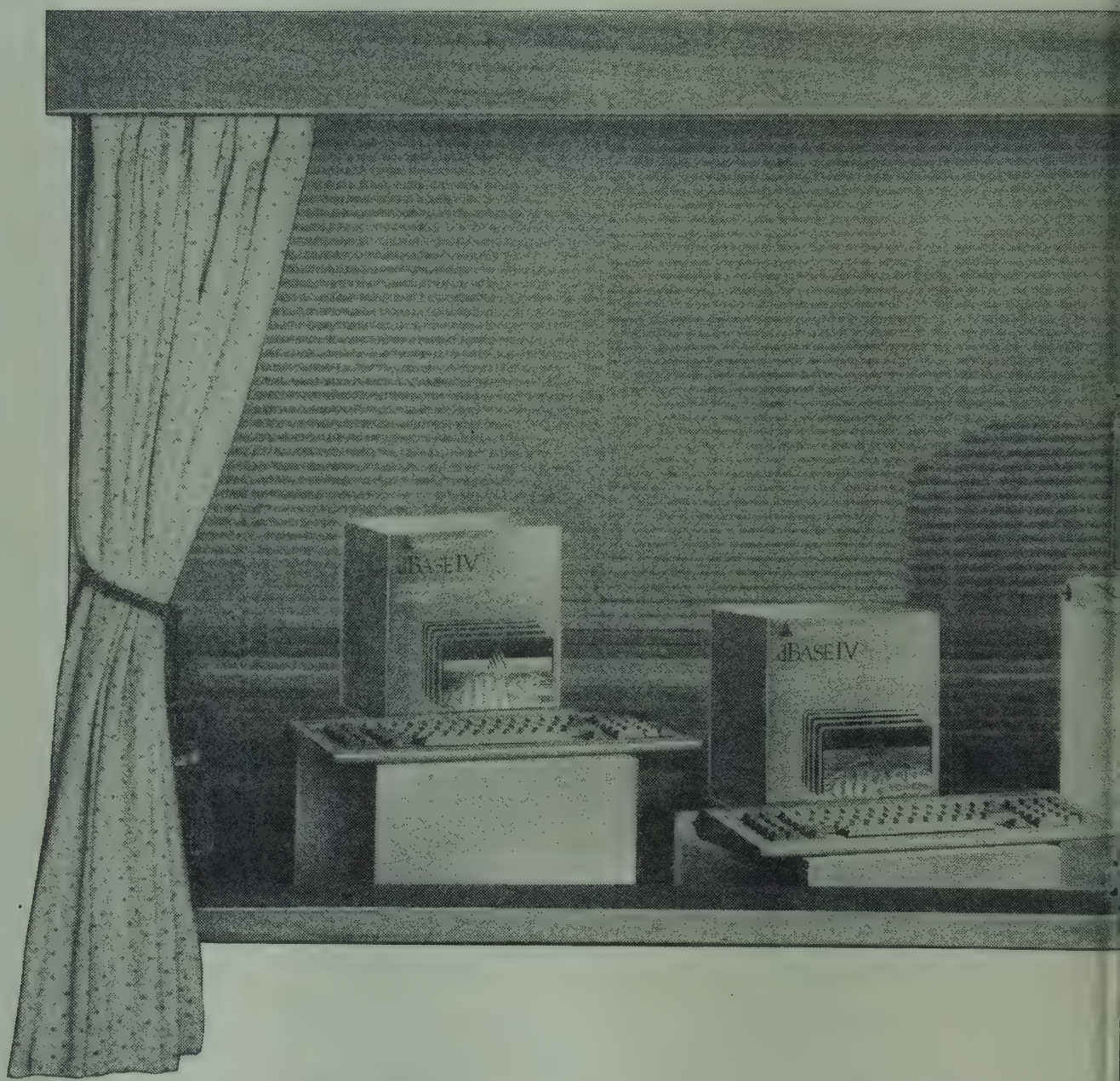
MFL has, therefore, redrawn its expansion plans. It plans to spend Rs.210 crore on revamping its Manali plant. "This will involve using 5 per cent more naphtha than is the case now", says Vasudev. Work is scheduled to commence during 1989-90, provided the funds are forthcoming, either from the government or from financial institutions.

MFL plans to set up a Rs.690 crore project with a capacity of 1350 tpd of ammonia and 2200 tpd of urea. To be located near Cuddalore, this plant will use gas from the Cauvery Basin as feedstock. Haldor Topsoe of Denmark will act as consultants for both these projects. The scheduled date of commissioning is 1993-94.

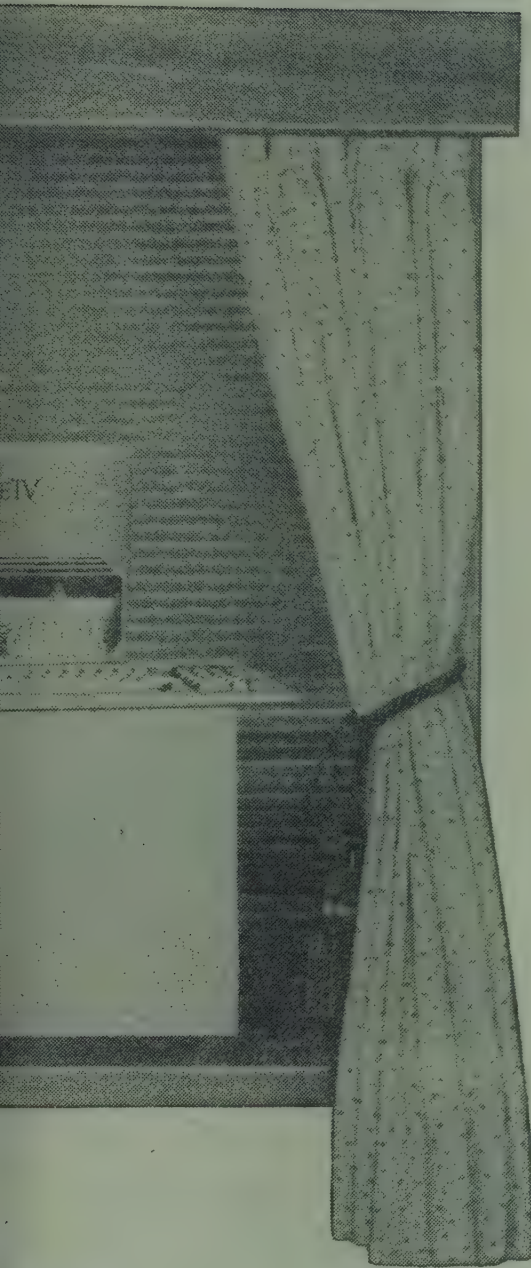
MFL sources hope to get this plan approved for fund allotment under the Eighth Plan. This project also has the backing of the Tamil Nadu government which has written to the Centre, recommending its approval. "There is the possibility of a separate company being formed with MFL as a co-promoter," says Chandrasekaran.



Manali unit: streamlined operations



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DUNLOP

Bouncing back

Even though the Chhabrias are now in full control, the company's bumpy ride seems to be far from over. The new management is determined to push the company to glory days again

After years of uncertainty, the mood is upbeat at Dunlop House, the Calcutta-based headquarters of Dunlop India Ltd. With the Chhabrias formally taking charge of the day-to-day operations of the company, after an acrimonious parting of the ways with the R.P. Goenka (RPG) group, and after gaining the "full and unconditional support" of Dunlop Holdings plc, it would appear that the clouds over the company are finally being swept away.

Fueled by a fierce determination to "regain Dunlop's former position as number one in the tyre industry," says M.R. Chhabria, "fresh growth strategies have been evolved to achieve the target turnover of Rs.1,000 crore by 1994-95." With the company having already bounced back in the current year, past lapses, and even last year's dismal results when sales declined and profits were halved, due to a strike in the company's Shahaganj factory, have been forgotten. Dunlop's turnover during the first four months of 1989-90 has already touched Rs.200 crore, indicating that the company may even cross its target of Rs.570 crore.

The radical reversing of the trend at Dunlop, is a reflection on the company's long found stability after months of turmoil.

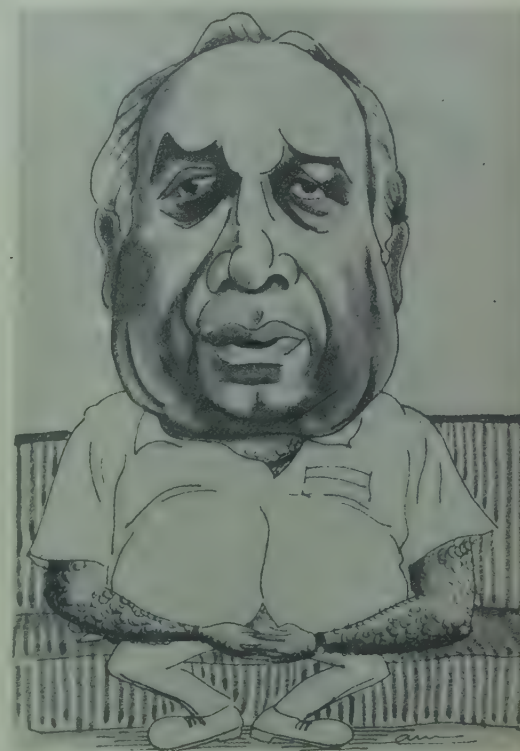
As for the Chhabrias, their interest in

grooming Dunlop as a star performer is quite obvious. If the Chhabria group is to compete in the big league, both Dunlop and Shaw Wallace hold the key. Both are very large companies in terms of sales and assets and operate in the profitable, fast growing markets of tyres and liquor. Besides, the turnaround of Dunlop is increasingly being seen in corporate circles as the real test of the Chhabrias' managerial skills.

Early departures

To begin with, the Chhabrias' first effort was to put their house in order. Earlier, with the Goenkas opting out, four vice-presidents — for industrial products, finance, marketing and corporate relations — left Dunlop to join them. The Chhabrias maintain that the departure of the executives had less to do with the company itself than their personal equation with the Goenkas. However, at least two of the vice-presidents admit that they left because they were not sure of the Chhabrias' style of functioning.

All the key positions, however, have now been filled in, and of the four new recruits, three are actually ex-Dunlop men. The first person to rejoin was M.L. Capoor, as managing director. He had retired from



R.P. Goenka: acrimonious exit

the company about six years ago. The other ex-Dunlop men are S. Badrinathan who have now been appointed vice-presidents for industrial products and finance respectively. S.N. Srivastava has been brought in from Brooke Bond as deputy managing director. "I think a good team has been put together," says Capoor. "We not only know the game but also each other, so it should be a winning combination."

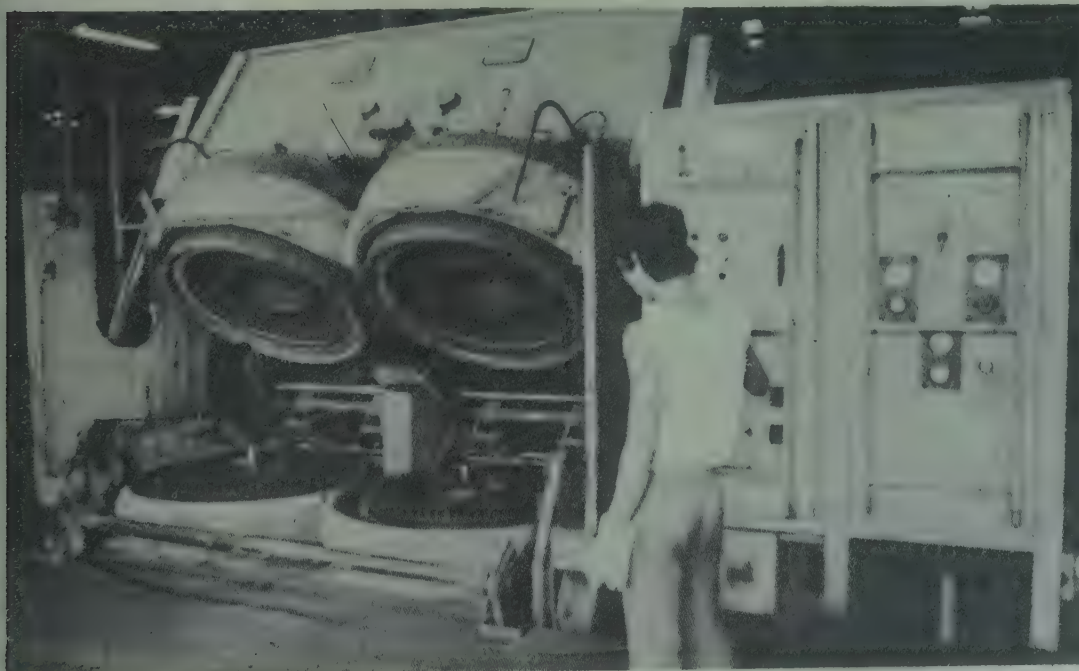
In the meanwhile, a massive expansion and diversification plan has been chalked out for the company. For the short-term — a three-year phase to be completed by 1992-93 — Dunlop will be focussing on two major aspects. These are: shoring up the tyre division to manufacture hi-tech products and backward integration to save on raw material costs.

The biggest project on the cards today is the Rs.350 crore steel radial tyre project for trucks and buses, in technical collaboration with Sumitomo Rubber Industries of Japan. The project, which is slated to manufacture 1,000 tyres a day, at Dunlop's factory at Ambattur in the south, is expected to come up within a year after it receives government approval.

Hi-tech projects

The second project on the cards is a Rs.200-crore project to manufacture 12,000 tonnes of nylon-6 tyre yarn annually. Dunlop also plans to set up a Rs.5-crore aero-tyre retreading plant, possibly at Bangalore.

For further backward integration, Dunlop intends to set up a Rs.50-crore joint



Pressing ahead into hi-tech products

sector project, with the West Bengal Industrial Development Corporation (WBIDC), to produce 50,000 tonnes of carbon black annually. The Chhabrias also want to set up a rubber plantation in the eastern region of the country. Dunlop also expects to increase its exports from the present level of Rs.20 crore. In fact, it has already applied for trading house status. "The total potential for exports is around Rs.100 crore in a couple of years' time," says Srivastava, who is tipped to be the company's next managing director.

Dunlop's industrial products division, which makes steel and rubber conveyor beltings, hoses, etc, is also expanding both production and its product mix. According to Badrinathan, the division hopes to rake in sales of Rs.110 crore this financial year. Its share in the company's turnover is expected to go up from the present 20 to 40 per cent. "This division is now being geared up to produce specialised, value added items like spiral hoses," says Badrinathan.

On the whole then, while the plans have been stated, it remains to be seen whether they will bear fruit. Take, for example, the plan to set up a plant for the manufacture of radial tyres for buses and trucks. Experts in the industry feel that such tyres are unlikely to become popular in India. A recent article in a publication of the Automotive Tyre Manufacturers' Association states that "poor roads and excessive overloading make it difficult to commercialise radial truck tyres in a big way in India."

Uncertain factors

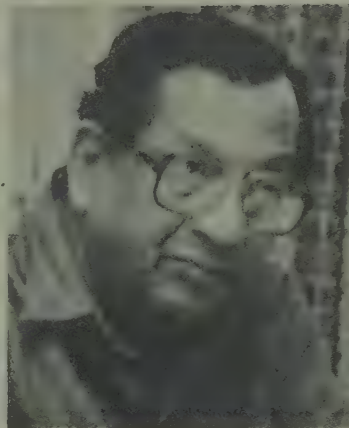
Besides, Another major factor against radials is that retreading of tyres is a popular practice in India since it costs only one-third of the price of a new tyre. Also, in the case of radial truck tyres, it is yet not certain whether they can be retreaded easily by road-side operators.

It is not that Dunlop is unaware of these disadvantages. Says Capoor, "While we have no control over road conditions, we hope that the new Motor Vehicles Act will restrict the overloading of trucks." Clearly, Dunlop will have to do some serious thinking before it actually goes ahead and spends Rs.350 crore on the project.

The nylon tyre cord project too faces uncertainty as the existing manufacturers of tyre cords — there are six of them — have put up stiff opposition to new project proposals. The Thapar group's nylon-66 project is a case in point. Similarly, Dunlop's carbon black and rubber plantation pro-



M.R. Chhabria: fierce determination to "regain number one position"



Capoor: "good team together"



Srivastava: tipped to be next managing director

jects too are a bit premature: the former is to be undertaken in collaboration with the cash-strapped WBIDC and for the latter, the company has yet to find suitable land with the proper geo-physical conditions.

Coping with competition

In the case of the industrial products division too, things are a bit uncertain. Dunlop's high steel cord conveyor belting plant, the country's first, set up at Sahaganj at a cost of Rs.30 crore in 1987, is already facing competition from a rival unit set up by Andrew Yule. The latter plant is utilising knowhow supplied by BTR Belting Ltd of the UK, which had also collaborated with Dunlop in setting up the Sahaganj plant. The product range too is the same.



Conveyor belts: an area of concern

Dunlop's main worry is the Neyveli Lignite Corporation (NLC) for which it had successfully produced and supplied Rs.30 crore worth of 2,400 mm wide conveyor belts. Since NLC is a public sector company like Andrew Yule, it may well prefer to deal with the latter in future. Andrew Yule will also enjoy a price preference, thus cutting Dunlop both ways. Some Dunlop insiders admit privately that if the company were to lose orders from NLC, which is its single largest buyer of steel conveyor belts in the country, it may pose a serious problem.

The new management team of Dunlop, however, is confident that the company is heading for an exciting decade. "We are going about things systematically, identifying opportunities, and going in for long term strategic and corporate planning," says Ashok Banerjee. With financial viability assured, Banerjee also feels that Dunlop can safely go in for its new investments, since the company is generating enough cash to finance new projects. And M.R. Chhabria, lets on that Dunlop may raise capital through a big public issue shortly.

Though marketing had always been Dunlop's forte in the highly competitive tyre market, this is an area which will receive even greater attention. "We want to give a new thrust to our already established brand image," says Srivastava, who recently took charge of marketing.

And truly, Dunlop's image as a hi-tech tyre manufacturer got a shot in the arm when it bagged the prestigious Rs.2.5 crore aero-tyre order from Indian Airlines for the new Airbus, A-320. "With this, Dunlop India becomes the third manufacturer of tyres for A-320s in the world," says Capoor proudly.



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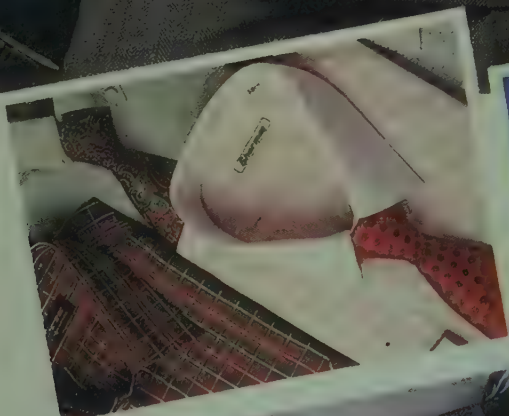
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PAINTS

Brightening up

Two good monsoons have helped perk up the industry, high costs and taxes notwithstanding

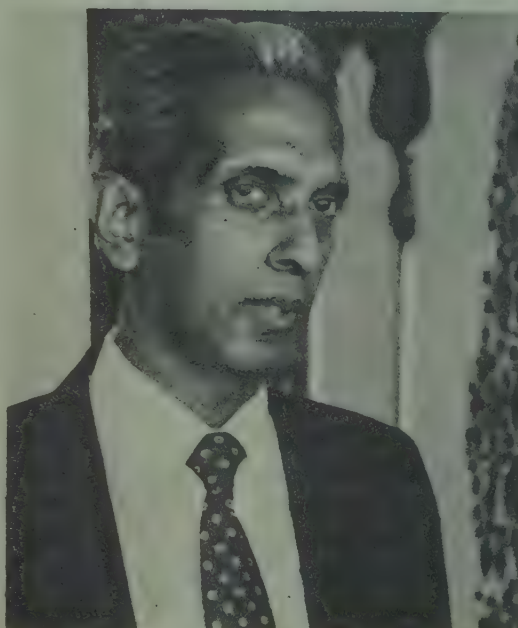
This year's monsoon showers have brightened up the prospects for the Indian paint industry. With the general buoyancy in the economy reflected in the fast rising purchasing power of consumers, the average annual growth for the Rs.1,000-crore industry for 1989 is expected to reach 4-5 per cent, a vast improvement on the annual 1-2 per cent growth of the previous three years.

However, the recovery has not been good enough to touch the pre-1985 annual growth figures of 7-8 per cent, burdened as this industry is with steeply rising costs of raw materials and a high rate of taxation.

"It is the two consecutively good monsoons of 1988 and 1989 that account for this year's performance," says C.V. Abraham, senior general manager of Asian Paints who estimates that the performance will also reflect in a one to two per cent increase in annual profits of his company that is number one (sales: Rs.220 crore in 1988) in the industry, particularly in the decorative paints market.

Industrial paints

Goodlass Nerolac with a recorded sales turnover of Rs.99 crore leads in the industrial paints market, a segment that has



Kurien: the thrust is towards industrial paints

seen a sharp increase in the last five years due to the phenomenal growth in related user industries. Berger Paints with a recorded sales turnover of Rs.70 crore, IEL (now ICI) with Rs.60 crore are some of the other companies in the organised sector manufacturing both decorative and industrial paints.

There are only 24 units in the organised sector, which comes under the jurisdiction of the director general of technical development (DGTD). They account for 50 per cent of the volume and two-thirds of the value of total production. The remaining 1,500 units are in the small, unorganised sector, a sector which bears the brunt of both inflation and shortages in raw materials on the one hand and a depressed market on the other.

Says S.S. Mathur, director (purchase) of Goodlass Nerolac and chairman of the western region of the Indian Paint Association, "This is why though there is an arithmetic growth in demand, this does not reflect a healthy industry. While the larger companies may be in a position to absorb the ridiculously high increase in prices of raw materials and taxes, the smaller units just get crippled," he adds.

The woes of the industry can be traced to 1977 when it was removed from the category of "priority industry" and clubbed instead with manufacturers of low priority items like alcohol, cigarettes and cosmetics. While the former group of industries is entitled to replenishments of imported raw materials on a priority basis, the latter group is subjected to much higher duties and taxes, as these items are treated as luxury items.

The result of this policy has meant a high excise duty and sales tax (26.25 per cent and 12-16 per cent respectively) coupled with a five per cent additional duty levied last year as "Modvat corrections". According to the Indian Paint Association which represents all paint manufacturers, this latest duty will impose an additional burden of Rs.33 crore on the industry which it can ill afford.

Rocketing costs

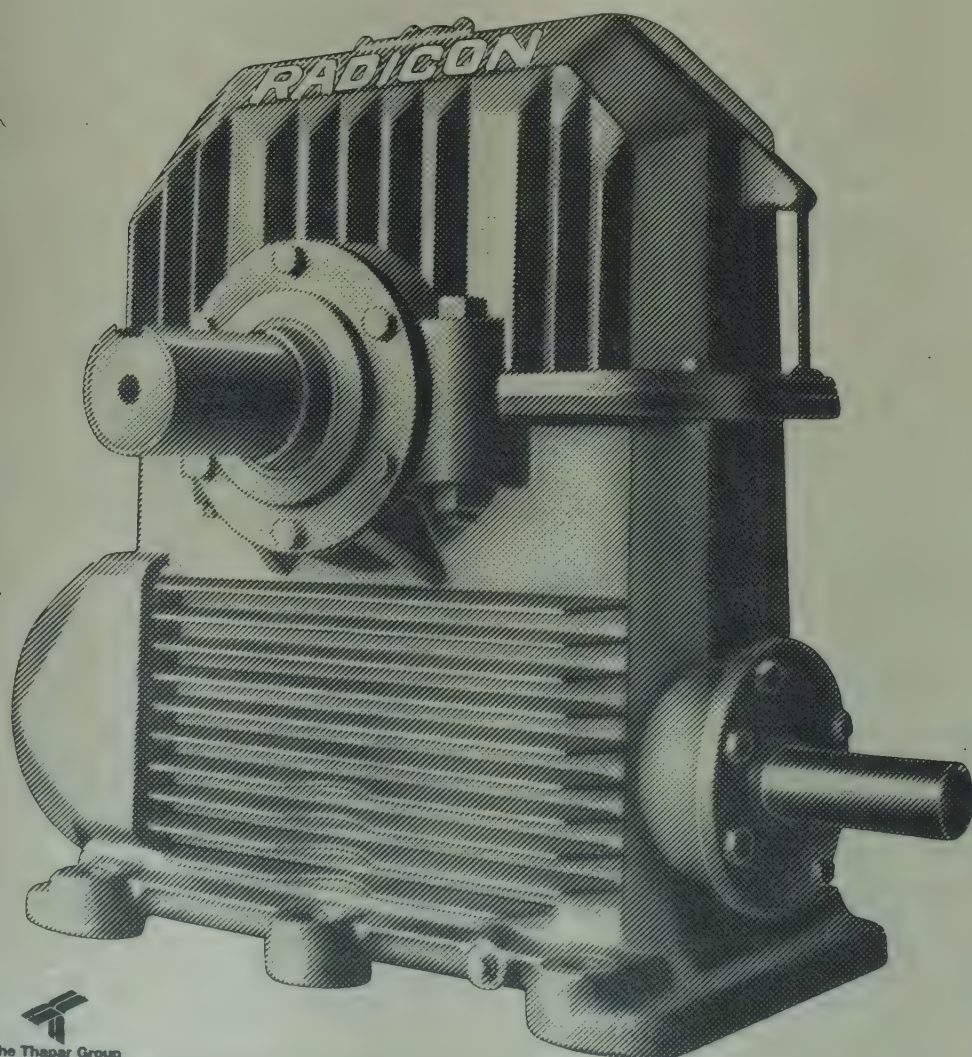
As if this were not enough, say paint manufacturers unanimously, the price of raw materials on which this industry is heavily dependent — 55 to 60 per cent of the cost factor is raw materials and packaging — have been sky-rocketing these past years making it tough for the big, and crippling the smaller manufacturers.

Of the 400 different raw materials that this industry consumes, in the past two years alone the price of titanium dioxide has gone up by a whopping 30 per cent, of orthoxyline by 60 per cent, of tin con-



A distinct upward trend in the industrial paints segment

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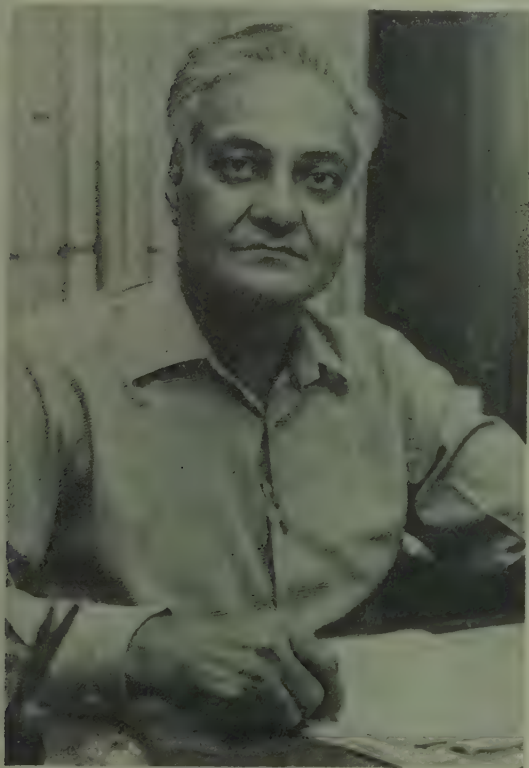
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Mathur: crippling costs and taxes

tainers by 35 per cent and of 20 litre drums by 23 per cent.

The cost of indigenous titanium dioxide, produced by Kerala Minerals and Metals Limited (KMML) and Travancore Titanium Products Limited alone has doubled from Rs.41 per kg to Rs.95 per kg in the last eleven months. Though the international price of this raw material is much lower at \$ 2.60, the 85 per cent import duty imposed by the government, coupled with the fluctuating dollar-rupee parity, offsets

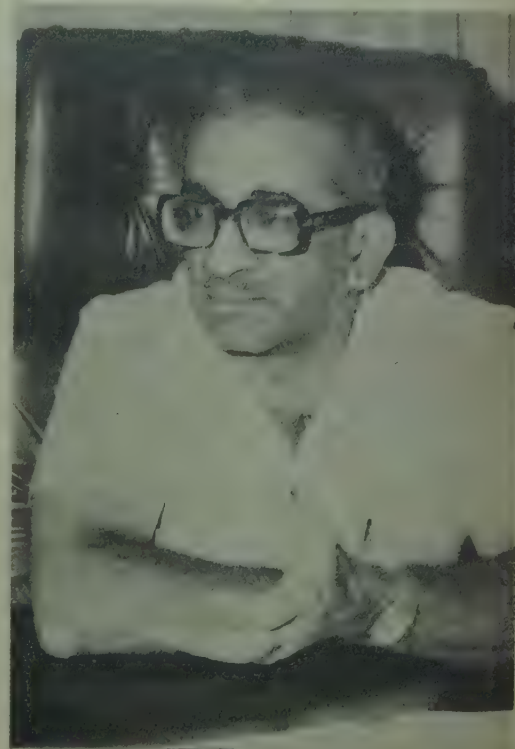
the price advantage. In any case, titanium dioxide, is also in short supply in the world market.

If the root of the problems of the paint industry lie in the government's treatment of paints as a luxury product, what are paint manufacturers doing to dispel this image? Today, the paint market is distributed between the decorative and industrial category, with the former accounting for 70 per cent and the latter 30 per cent of the total production and consumption.

Traditional emphasis

In the past five years especially, the growth in the industrial segment has been much sharper than the growth in the decorative one. Though the Indian Paint Association itself estimates annual losses sustained by the country due to corrosion and natural decay at Rs.2,500 crore per annum (that is one per cent of GNP), the industry, which spends as much as two per cent of its annual turnover on advertisements, emphasises only the luxurious and not the protective value of paints. Admits Mathur, who holds the view that paint can be a great contributor to both economic growth and psychological well-being, "It is true that the image we project is one of luxury. This is certainly a lacuna in the industry's projection of its image. The protective qualities of paint are not emphasised at all," he adds.

While the government and the industry continue their battle over levies that have forced the manufacturers to thrice in-



Abraham: the rains helped

crease the cost of their products in one year alone, the picture for the overall growth of the industry is a hopeful one. Per capita consumption of paints in India is very low at 0.32 kg as compared to 15 kg in the UK, 16 in France, 19 in Sweden, 21 in East Germany and 25 in West Germany. Even countries like Pakistan, China and South Korea and Taiwan are better placed than India in respect of paint consumption.

Besides this, there is a distinct trend,



A packing unit: three price hikes in a year



Stacking up higher sales

noticed by Indian paint manufacturers in the past five years, in the sharp increase in growth of the industrial paints segment. The increase is a result of the boom in user industries such as automobiles, household appliances and also marine engineering. The industrial paint segment accounts for 30 per cent of total paint production. The trend of growth has led the top three companies in the organised sector to work fast to capitalise on this change. What has resulted is carefully calculated strategies to capture slices of this market.

Asian Paints, traditionally the leader in decorative paints, took a conscious decision two to three years ago to enter the industrial paint market in a big way. However, C.V. Abraham, its senior general manager, is a trifle reticent about releasing figures of total sales in this segment, though he admits that the rate of growth is quite high.

Says B.K. Kurien, managing director of Berger Paints, Calcutta, the third-largest manufacturer in India, "The thrust of research in Berger is mainly in the industrial paints area, which also happens to be the area involving both high technology and high profit margins."

Foreign tie-ups

While technology for decorative paints has been indigenously developed to compete with the best in the world market, in the industrial paints category help is being sought through foreign collaborations.



The technology for decorative paints compares with the best in the world

Goodlass Nerolac, the market leader in industrial paints for many years now, already has a head-start, backed as it is by a technical team trained by its foreign collaborators. Goodlass has recently begun marketing activity for the small-scale Chemguard company which has entered into a collaboration with the world renowned paint company, Ameron. Chemguard is specialising in manufacturing, among other products, high-quality coatings which are rust-proof. Up to now all our off-shore outfits were dependent on

paints from abroad. Says Mathur, "By marketing for Chemguard, Goodlass Nerolac is going to make an inroad into the marine paint market."

Already, Goodlass Nerolac provides a fair amount of technical back-up for its customers, since in the industrial paints field, after-sales service is crucial. "If the paint provided by us, for some reason or the other, chips, the user industry will immediately contact me, and it is in my self-interest to respond," explains Mathur.

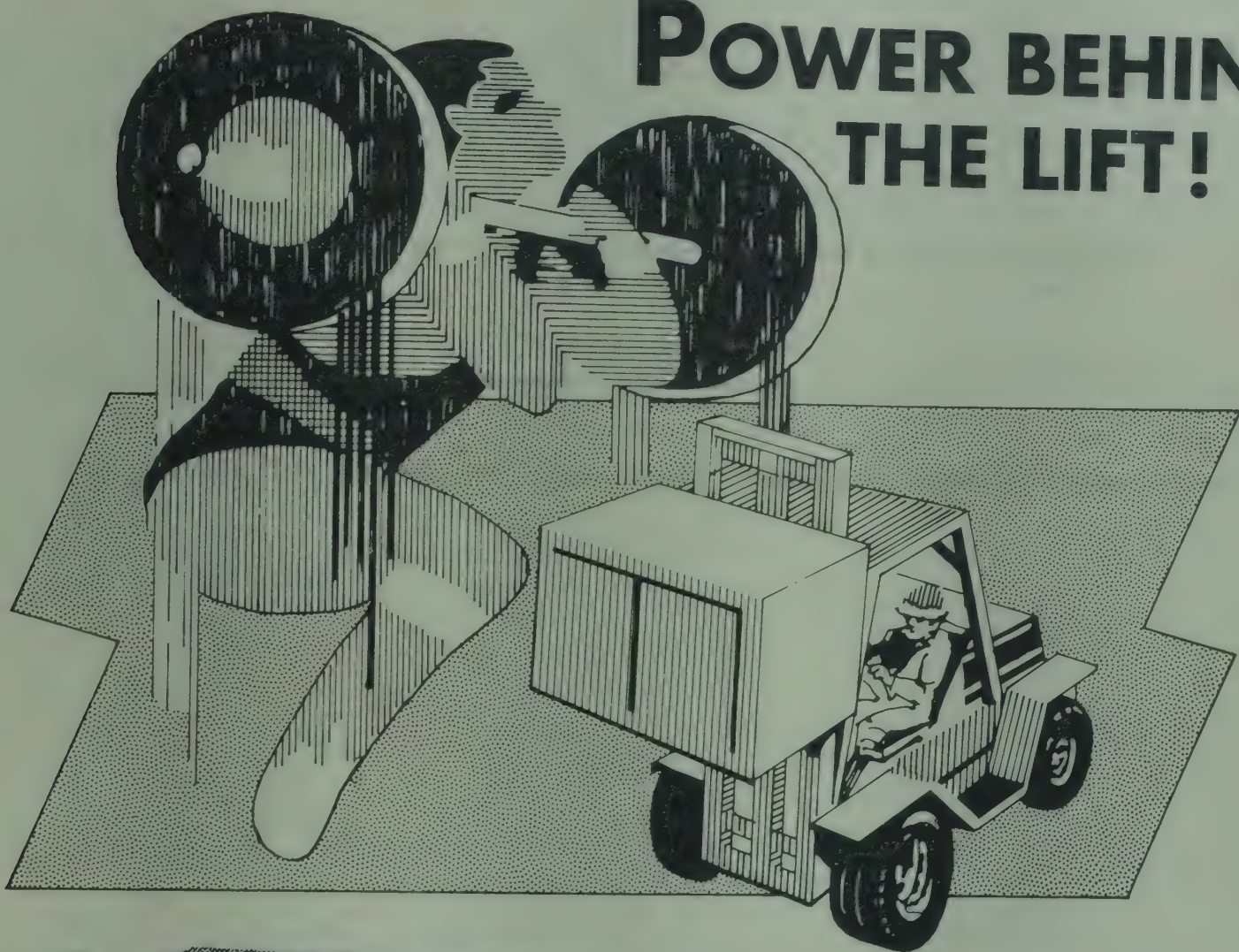
Rough estimates within the industry predict a boom by the year 2000, when the demand internally for paints is expected to shoot up from the present 320,000 tonnes per year to 800,000 tonnes. With some foresight and planning, the export potential could also increase. Today the export value of paints, varnishes and allied products at Rs.60 crore forms just six per cent of the industry's annual turnover of Rs.1,000 crore, with the major export market being the USSR.

The high cost of raw materials along with other levies today makes the prices of Indian paints in the world market uncompetitive. (Over the last three years, prices have risen by 20 to 25 per cent.) If, however, the government were to realise the potential of this industry and manufacturers were to project their product for its protective and not glamour value, the possibilities are limitless. But this goal posits a broadening of vision on both sides.



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FERTILISER PRICING

An exasperating exercise

The revised price policy for fertiliser has created much controversy. The subsidies offered therein may actually serve as a mask for an inefficient industry

The new fertiliser pricing policy, announced last January, may do more harm than good by adding further to the subsidies. At stake is the financial well-being of several new gas-based fertiliser plants at various stages of execution. Within the industry, the chorus of protest is unanimous — the rules have been changed after the game had begun!

Understandably, for the economist, the fertiliser subsidy is really exasperating (table). But who is to blame? The popular notion is that the fertiliser industry is inefficient, deserving little sympathy. "We are misunderstood," says Pratap Narayan, director of the Fertiliser Association of India (FAI), "and the misconception is largely fuelled by the financial assistances to the fertiliser industry which are actually subsidies to agriculture." True enough, since India's conversion costs for fertilisers as also the efficiency of the plants, match those anywhere else in the world.

The subsidy increase has been prompted by several reasons, the industry's inefficiency being the least important among them. First, any increase in fertiliser production automatically added to

the total subsidy even when there was no increase in subsidy per tonne. Between its introduction in 1976-77 and 1988-89, production has quadrupled from 2.34 million tonnes (mt) to 8.8 mt. Second, the substantial increase in production — which has come from newly-commissioned plants such as the Nangal expansion, Sindri modernisation, Bhatinda, GNFC Bharuch and others along the HBJ pipeline — entails a substantially higher investment cost per tonne vis-a-vis the vintage plants. Consequently, the cost of servicing capital is also higher. This additional cost was reason enough for more subsidies, as was the steep increase in administered prices of inputs and feedstock, power and freight.

Not a drain

Analysis of data by the FAI (for 15 companies accounting for 54 per cent of urea and 84 per cent of complex fertilisers) shows that 99 per cent of the net increase in subsidy to these companies between 1980-81 and 1987-88 was on account of increases in the cost of indigenous feedstocks and inputs, besides increased rail-



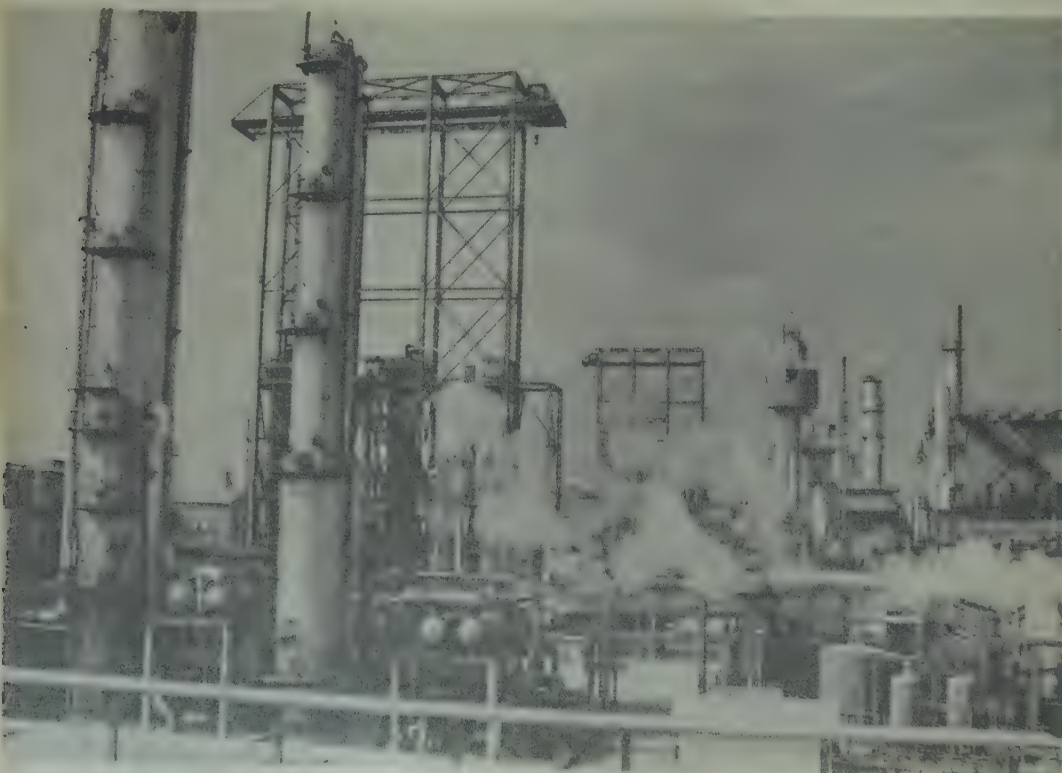
Ramanathan: "industry accepted low returns against incentives"

way freight charges. Such increases constitute merely an intra-government transfer, from one pocket of the government to another — to ONGC, IOC, CIL, SEBs and the Railways — and are therefore not strictly a drain on the economy. There is, then, little cause for such panic.

First conscious attempts at framing a fertiliser policy to augment production dates back to the recommendations of the Sivaraman Committee in 1964. Strangely, the method chosen to accelerate production was by rolling back controls on the industry. Manufacturers had the discretion to sell part of their output with no regulations; by 1969, this policy was stretched to its limits, freeing the industry entirely. Even then, freedom was only for marketing, while prices were regulated under the Fertiliser Control Order (FCO) of 1957. But this did not create a problem as the controlled prices were adequate to meet both production and marketing costs.

The imperatives for a conscious fertiliser policy were simple: provision of cheap food being an avowed objective of a government sworn to socialism, and fertilisers being the most crucial and expensive input for agriculture, its price had to match the farmer's meagre budget. Only then could the farmer produce low-cost foodgrains which the consuming population can afford.

The oil price hike in the mid-seventies, however, pushed fertiliser prices through the roof. While that in itself was a setback, the resultant shortages and exorbitant imports made it imperative to expand indigenous capacity. In the meanwhile, the



A fertiliser plant: bound by the tight RPS regulations

Marathe Committee, which studied the deleterious effect of the fertiliser price rise on agriculture, recommended a retention price scheme (RPS).

Twin objectives

The RPS bound the industry within tight regulations with the twin objectives of attracting private investment as also protecting consumer interest by controlling fertiliser prices. The government, obviously keen to free some of its resources for investment in other sectors, passed on some of the burden of fertiliser production to private enterprise.

Until then, private investment in fertilisers was meagre especially in big plants. The problem, of course, was funds. A fertiliser plant requires an investment upward of Rs.800 crore and takes at least 39 months to build — a formidable deterrent for private capital which seeks quick and high returns. Besides, no entrepreneur was expected to raise Rs.500 crore from the primary market for a regulated industry with a rate of return of 12 per cent while comparative investment in other industries would yield 20 per cent.

The inability to raise sufficient resources, however, was got around by allowing companies to borrow heavily to fulfil requirements of capital investment. The government ruling, on a project debt-equity stipulation of 2:1, was waived in favour of an easier 4:1 ratio for new fertiliser projects. The private sector took the bait despite the fact that such a financing pattern: loading a young company with debt and its accompanying heavy repayment obligation is not exactly entrepreneurial wisdom. (For a new fertiliser company, repayment obligations can run into Rs.130 crore per annum.)

The introduction of RPS, however, also contributed significantly to the entry of fresh investment. Under the scheme, fertiliser prices are pegged or are allowed to increase very marginally. The government then reimburses the industry to the extent of the difference between its low realised price and the higher costs of production, via a subsidy. The fertiliser industry co-ordination committee computes the retention price for each plant separately, and does so normatively, allowing variations for their location, size and vintage.

A higher return

Further, a unit was assured a 12 per cent post-tax (25 per cent pre-tax) return on net worth (equity plus reserves) on attaining 80 per cent capacity utilisation.

Fertiliser subsidy (Rs crore)			
	On imported	On domestic	Total
1979-80	282	321	603
1980-81	335	170	505
1981-82	100	275	375
1982-83	55	550	605
1983-84	142	900	1,042
1984-85	727	1,200	1,927
1985-86	323	1,600	1,923
1986-87	197	1,700	1,897
1987-88	114	2,050	2,164
1988-89	250	2,750	3,000

The figure of 12 per cent represents a return higher than the maximum alternative available on bank deposits — then 10 per cent. A fertiliser plant under such a system breaks even at 70 to 75 per cent capacity utilisation. But costs are calculated using 80 per cent capacity as a yardstick.

And, regulation in this industry has been a rare success primarily because controls and incentives were suitably blended in the RPS. The fertiliser price index, since 1974-75, has moved up a mere 18 points (1974-75 = 100) as compared to the grain price index, which has moved up 103 points and the all commodities index, which has risen 152 points.

While the new policy has tightened controls, it has encroached on the incentives. According to it, depreciation has been halved from 10.56 per cent a year to 4.75 per cent, implying that producers can write off their plants now only in 20 years instead of the ten earlier.

Besides, new gas-based fertiliser plants must now function at 80 per cent capacity in the first year, 90 per cent between the second and ninth and at 85 per cent thereafter. Earlier, plants needed to perform at only 80 per cent capacity. "It isn't as if the plants are dismantled to be sold as scrap after ten years," says fertiliser secretary K.D. Vasudeva. "They continue production well beyond ten years. Besides, the industry average for capacity utilisation is much above 80 per cent." As further proof, Vasudeva points to the experience of KRIBHCO and IFFCO with their new plants in their first year. KRIBHCO's Hazira plant managed 117 per cent, while IFFCO's at Aonla managed 107.

The halving of depreciation is likely to be crippling for a debt-burdened industry. Cash inflows from the depreciation allowance, then, are a heavily indebted in-

dustry's only recourse to servicing debt and interest obligations to banks and financial institutions. The reduced depreciation, now, would not even cover half the repayment obligations. Says Pratap Narayan, "No infant plant can withstand such a drastic curtailment of cash flows and such stringent utilisation requirements."

Flush with funds

KRIBHCO's experience is a case in point. Operating at 117 per cent capacity, it ought to be flush with funds. "The new policy, however, allows us to break even only at an incredible 99 per cent versus the earlier 80 per cent," says KRIBHCO's finance and accounts manager D.V. Prasad Rao. "Our profitability, then, dropped by Rs.53 crore consequent to our retention price being lowered to Rs.3,063 a tonne as compared to Rs.3,383 earlier."

And KRIBHCO is not alone, almost all plants reported reduced profits, confirms D. P. Srivastava, deputy general manager of Rashtriya Chemicals & Fertilisers. "RCF's dropped by Rs.110 crore because of the new norms," he says.

This curious phenomenon of such high break-evens occurs because of low recoveries within several heads. Most prominent among these is the equated freight charges payable to companies for transporting fertiliser to retail outlets. Equated freight is obtained simply by dividing the total transported distance by the transportation cost per kilometre. "Often, this is lower than the actuals," says Pratap Narayan.

Other instances are in the lags between the time when costs rise and when they are actually recognised — in freight charges, in electricity, in gas prices, etc. "Even though these are eventually made up, they involve substantial costs in the interim," says K.G. Ramanathan, managing director of Gujarat Narmada Fertiliser Corporation (GNFC). In any case, not everybody can hope to emulate KRIBHCO's experience, as a new plant may well run into teething trouble.

The 10 per cent higher demand on capacity utilisation seems justified on the face of it, especially when the private sector averages a goodly 97 per cent and the co-operative sector an astonishing 102 per cent.

But, the capacity norm of 80 per cent was an indicator of efficiency. Since most plants break even at 80 per cent, any production surpassing it meant additional profits for a unit. This is because, with in-

creasing production, fixed costs get spread over a much larger volume — thereby reducing costs per unit output. But the pricing formula does not consider these lower costs actually incurred and hence makes it possible for highly efficient plants to earn more than 12 per cent return on net worth.

Premium on efficiency

Says GNFC's Ramanathan, "The fertiliser industry accepted a 12 per cent return only because of the accompanying incentive of improving returns by producing beyond the 80 per cent capacity norm." And that is precisely why the efficiency and production within the industry is so high. Adds Pratap Narayan, "Alternative investment is becoming increasingly attractive, a three-year bank deposit earns 11 per cent while NSCs, the Indira Vikas Patra and public sector bonds earn still higher returns. Now, with the withdrawal of the incentive, fresh investment in fertilisers will be hard to come by."

These protests in the industry have made an impression. "We are reconsidering the formula," admitted Vasudeva. Reconsideration notwithstanding, the industry is on tenterhooks with at least three impending new public issues. A lower depreciation, correspondingly reducing the retention price, would completely wipe out the theoretical return contemplated under the RPS. Besides, financial projections, using the new assumptions, indicate that until the eighth year there is a negative accumulated cash flow of Rs.185.5 crore. A positive cash flow thereafter, must first wipe out such a loss before the profits become distributable — a betrayal of the trust of shareholders who were lured to invest within the earlier price regime. So, marketing new equity for the fertiliser industry becomes a formidable exercise.

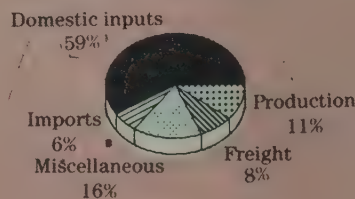
The industry has not been twiddling its thumbs in the meantime. Darbari Seth showed how to sidestep the problem by bringing Tata Fertilisers into Tata Chemicals' fold (*Business India*, 12 June 1989) and Abhey Oswal has taken a leaf out of Seth's book for his Shahjahanpur plant, which will function under Bindal Agro Chemicals' umbrella (*Business India*, 24 July 1989). The message then is clear: as a stand-alone project, a new fertiliser unit is unviable. How, then, would one explain Abhey Oswal's alacrity in cornering the letter of intent for his Shahjahanpur plant?

"But the queue for new projects is sta-

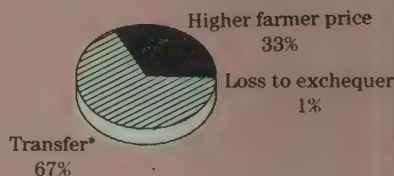
Factors behind increase in subsidy

1980-81 to 1987-88

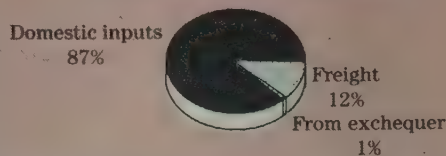
Gross cost push



How financed



Contribution of intra-economy transfers



*Intra-economy transfer

tionary," retorts Pratap Narayan, "and is certainly not commensurate with the growth potential of the industry over the next decade." Evidence here is conflicting. First DCM walked out, to be followed by the Apeejay group. But no sooner than they did, there were two fresh NRI bidders.

Saving cost

Oswal, if he pulls off the project, will do so because he has the advantage of using a low debt-equity ratio of 2.5:1 that allows him to break even at a ridiculously low capacity utilisation of 50 per cent. The Tatas showed the way by adopting a similar strategy by setting up their fertiliser project through Tata Chemicals.

Of Bindal's total project cost of Rs.695 crore, the debt component will be only Rs.195 crore, coming through loans from financial institutions, as against Rs.556 crore if Bindal had used the 4:1 debt-equity ratio, in fashion earlier. Together with the fact that rest of the Rs.500 crore will come through debentures to be converted later at a premium of Rs.40, Bindal Agro's Shahjahanpur project acquires a fair degree of financial viability. Clearly, Oswal's success lay in his ability to quite dramatically reduce repayment and inter-

est obligations, thereby saving Rs.49.5 crore on capital costs alone.

As an industry insider put it, "An investor is primarily interested in capital gains on his scrip as also the dividends it yields. Nobody does a project appraisal before investing." And Bindal scored on both counts: a 50 per cent dividend-paying company with its Rs.10 share quoting at Rs.117 at the time of the issue. In sharp contrast to the success of this issue, is the lack-lustre performance of Aditya Birla's Indo-Gulf Fertiliser issue at par which had failed to enthuse the public.

Grossly inadequate

The industry had felt even earlier that pricing was grossly inadequate to feed accelerated depreciation to cope with increasing inflation and obsolescence. A further 5 per cent reduction will certainly drive the industry away from growth and modernisation. Even though plants continue production beyond ten years, substantial replacement of machinery and equipment is undertaken due to the highly corrosive nature of materials used in fertiliser manufacture. The government, even now, reimburses units for replacements only on historical costs basis.

It seems reasonable, then, to assume that the government's primary concern is just to curtail subsidy, somehow. Perceptions within the fertiliser industry are that the government is undecided about how much money the industry ought to be allowed to make. The revised policy for the fifth pricing slab, which will rule from 1 April 1988 to 30 March 1991, came a good ten months after it was due — a pointer that fresh ideas were not forthcoming so easily.

There is an economic rationale, nevertheless, to bringing down input prices, as a rupee drop here leads to a Rs.1.10 to 1.20 drop in subsidy. But, perhaps, the biggest contributor is gas pricing. Gas is priced at Rs.2,700 per cubic metre, almost ten times higher than ruling international prices.

Deregulating fertilisers in any case would be a redundant policy initiative. Production costs are substantially higher than the Rs.2,250 a tonne pegged by the government, ranging between Rs.3,000 and Rs.5,000 per tonne. Deregulation will then only raise prices. The only salvation lies in the government ensuring that prices in some of its key regulated industries come down in real terms, due to better efficiency.



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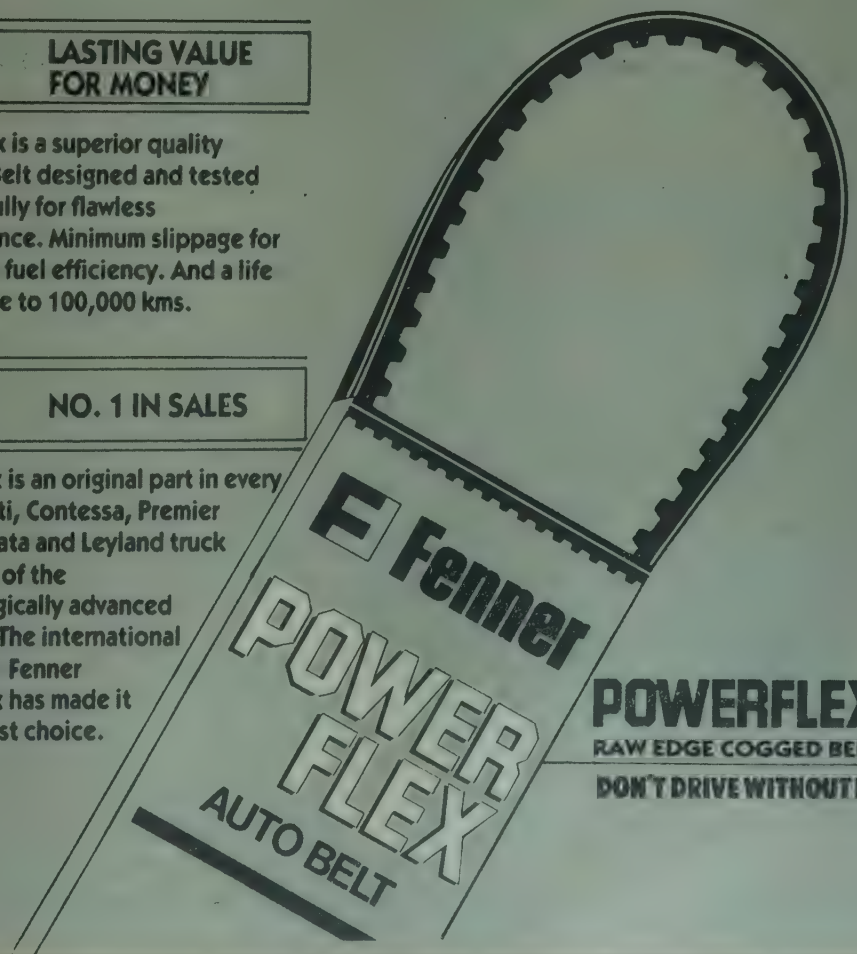
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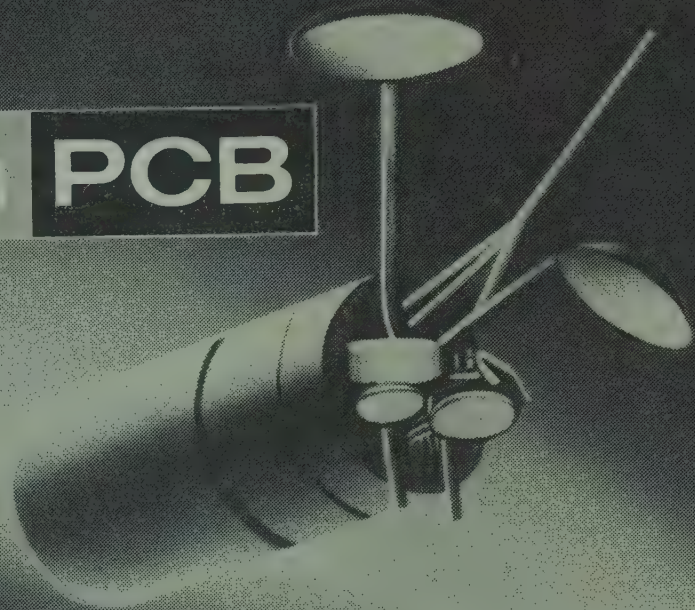
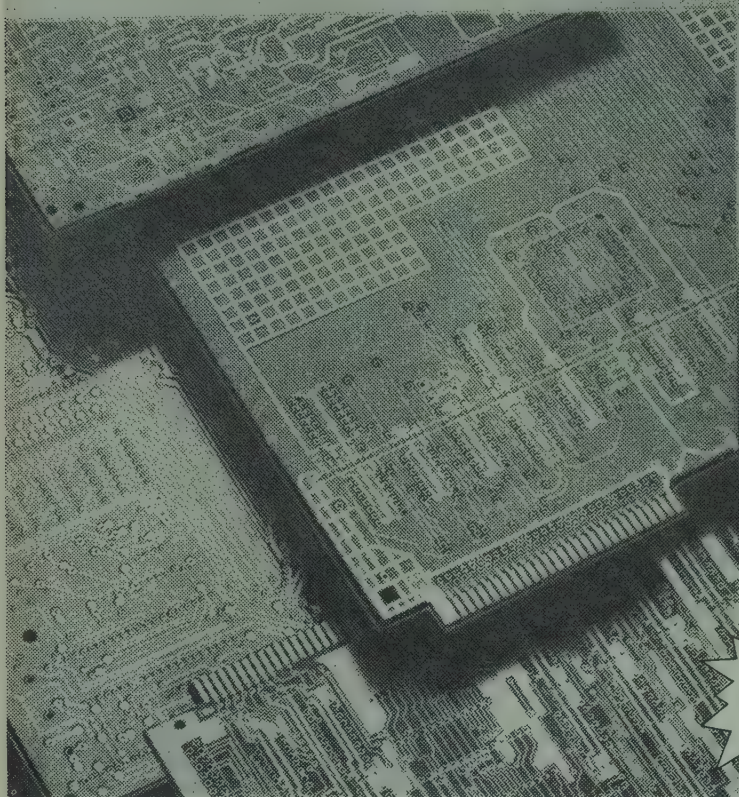
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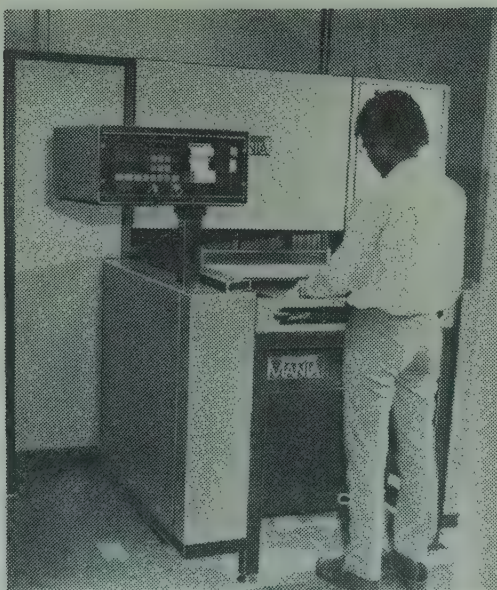
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Who wants internal leaders?



E.A. RAMASWAMY

A little over four years ago, I had argued in this column that employers wanted outside leaders than did workers (*Business India*, 17 June 1985). Apparently, this view found approval even among outside leaders. A subsequent study of the internal dynamics of trade unionism in Bombay, Calcutta, Madras and Bangalore has reinforced the belief that workers are under compulsion to rally behind an outside leader even when they are capable of managing their unions.

The pressure comes primarily from two quarters. The legal system forces dependence on outsiders who alone have the clout to demand attention from the bureaucracy and the political leadership to whom industrial disputes go for mediation. Many employers also prefer external leadership, notwithstanding their professed dislike for politics and politicians. Much of the industrial conflict that we now witness is the outcome of a situation where workers are forced to choose a leadership they do not fully trust.

Management preference

After four years, my attention is being drawn again to the leadership question. The immediate catalyst is a letter to the editor by R. L. Gupta, president of the Hindustan Lever Mazdoor Sabha, New Delhi (*BI*, 18 September, 1989). He is quite right in arguing that HRD should imply development of an internal leadership. What store are we to set by management claims to pursue HRD strategies when they put down internal leaders?

If asked for their preference, most managements would readily opt for internal leadership. But there are many unstated assumptions which complicate the picture since the demand is for leaders who fit in with the managements' own conception of legitimate trade unionism.

External leaders are seen to pose some serious problems. They infuse politics into unions. They might lead politically-inspired strikes which have little to do with the enterprise. They rabble-rouse and raise workers' expectations to absurdly high levels. They owe no loyalty to the firm, and could push conflict to a level which causes permanent harm. Their ultimate concern is either an ideology or their own image, but not the interests of the firm or its employees.

In the midst of their litany of complaints, managements also recognise some virtues in this brand of leadership. Outsiders are thought to have better control over workers. They offer the convenience of bargaining with one man and the certainty that a deal struck with him would hold. They do not interfere in everyday problems, if for no other reason than that they are too busy. It is also believed that they would actually help imple-

ment settlements.

Many of the problems which managements perceive in outside leaders are real, but unfortunately the advantages are often quite illusory. Their legendary control over employees is on the wane. Their writ often does not run in the union. Workers want the leader to function at their behest, not on their behalf. There have been cases of leaders backtracking on settlements under pressure from workers, let alone helping implement them. What managements are looking for is a combination, but of the real advantages of internal leadership with the presumed virtues of outsiders.

Ineffective unionists

How do internal leaders measure up to these expectations? There was a time when all internal leaders were considered to be management stooges. They were self-effacing, and more than a trifle ingratiating. They made modest demands, played the game within limits, and let the management have the final say. But they were also ineffective as trade unionists. They had no credibility within the ranks, being thought of as lackeys, which of course they were.

This situation of management setting up its own opposition, and expecting it to discharge the functions of an independent union, has undergone much change. While stooges still abound, we do have an entirely new breed of internal leaders who are alert, independent and assertive. Across the negotiating table, these leaders can match managers every inch of the way. In the union, they are keen democrats who keep in close touch with the members. As trade unionists, they are second to none.

The reaction of employers to this development is extremely ambivalent. Quite a few believe that it is better to grapple with an external firebrand than face the searching scrutiny of an employee leader. For conservative employers who cling fiercely to the notion of managerial prerogative, and want to limit union role to the familiar area of wage bargaining, the new leaders are a thorn in the flesh.

High on the agenda of the new leaders is the protection of employment. They oppose job-reducing automation. They protest against the use of contract labour. They block attempts at getting job work done by outside parties. One union actually went to court against the practice of contracting out production to small units. They would not readily sign productivity deals.

The new leaders also demand a more egalitarian regime in the workplace. Executive dining halls and status-giving fancy perks come under attack. The demand is for common canteens, open office

and common systems for reporting to work. Employee leaders do of course recognise that organisations are hierarchically structured, and that there would be differences in pay and perks between different layers. What they oppose is not so much functionally relevant differentiation as exclusivism. They are also quick to accuse managers of corruption. The charge that management is mulcting the organisation is rampant where internal leadership is at the helm.

Such strategies symbolise a systematic invasion of management prerogative as conventionally understood. They spell the extension of collective bargaining to issues which had been hitherto left to management discretion. One must recognise that internal leaders are very well placed for such attacks on employers.

Examples of such leaders can be found all over the country, but the most effective probably are those at Philips. With their strategies, they have tied the management of this multinational in knots. The thrust of the union has been to establish that the top management is milking the company for personal gain.

Some years ago, the union published a Red Book of allegations citing specific instances of managers misusing their positions. The book showed how managers collected large interest-free deposits from the company to lease (often to live in it themselves) property acquired with soft loans advanced by the company, bought off for a trifle automobiles and airconditioners given as perks, and took home company products, ostensibly for display.

Prophetic stand

The union did one better at the company's welding electrode plant. When the management wanted to close down a shift because of poor demand, the union argued that it was mismanagement which had pushed the unit to its nadir, and that the workers could therefore not be put to hardship. In support, it cited how the company bought sub-standard materials at regular prices, palmed off second grade finished goods as first quality, and did much else to harm the economics and reputation of the firm. What the unit needed, in the view of the union, was better management and not closure of a shift. The union's stand was in some ways prophetic. Philips sold off the unit, which has been turned around by the new owners in less than a year.

The union has gone on to analyse the balance sheet of the company. The analysis shows an increase in sales turnover by over 300 per cent in eight years, while gross profits have declined from 13.3 to 0.1 per cent of sales. The union points to mismanagement, some of it deliberate, as the reason for this miserable performance. Trading in finished goods procured from outside producers

has increased by 640 per cent during this period.

Increased trading, the union argues, is at the cost of idle capacity in the company's own plants and declining profits, pointing to the vested interest of top managers. There is a growing interest burden. But expensive borrowed capital is blocked in unproductive investment such as executive housing and modernisation that has not paid off. As the fortunes of the company continue to plummet, the union is forcefully arguing that the only way to prevent industrial sickness is to take employees into confidence.

Few outsiders can hold a candle to such leadership. Philips is of course an extreme example, but nevertheless indicative of the changes taking place among workers. When faced with an internal leadership which is so alert, well informed and so determined to push the line that divides managerial prerogative from bargainable issues, the response of many managements is that outsiders may after all be more preferable. But they really have no choice, at least not for long. Increasingly, employees are either in full control of their unions or retain an outsider as a mere facade. Real power in either case rests with employee activists.

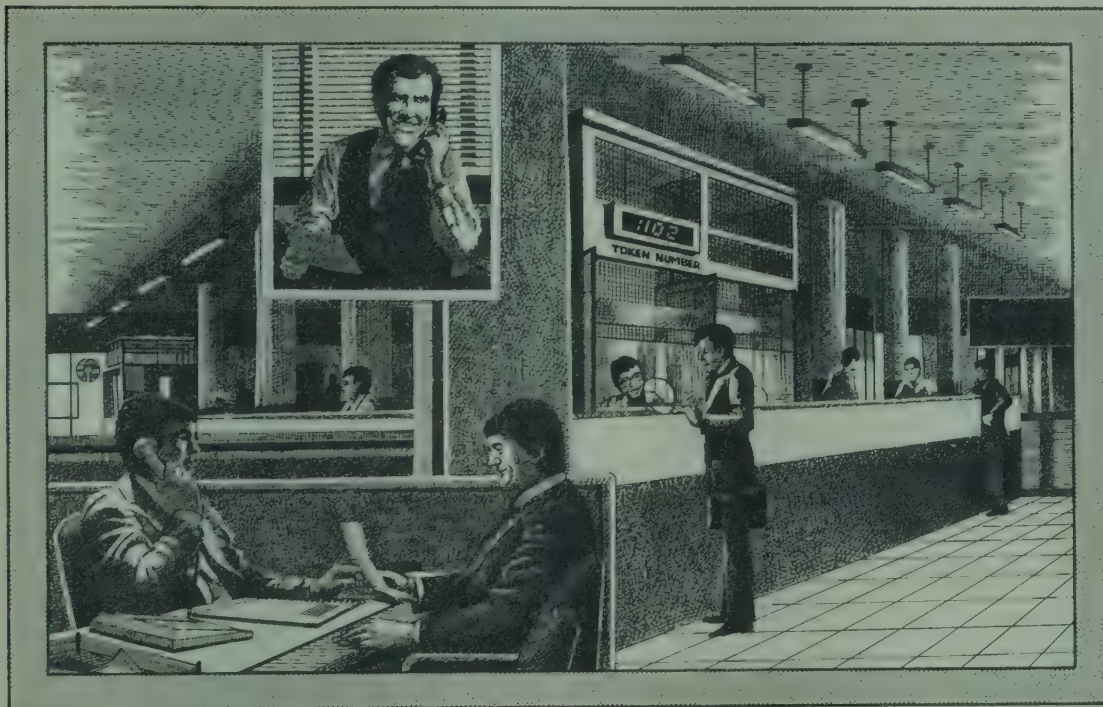
Re-orientation of attitudes

The management of industrial relations in the days to come will depend on a complete re-orientation of managerial attitudes towards trade unionism. The only thing that can temper an alert and watchful employee force and get them to take a more balanced view of the business of managing an enterprise is greater information sharing. So long as managements keep everything under the wrap of confidentiality, employees and their leaders cannot but be partisan in their perceptions. Managing the relationship with an internal leadership entirely through collective bargaining can be dangerous in the extreme, since the very process is built on a foundation of distrust. The union leadership would see any argument emanating from the management as a ploy to deny the workers their legitimate share.

Building bridges with employees and their leaders through better communications and greater information sharing would increasingly become a necessity. While outsiders have no use for such involvement, internal leaders have to be equipped with a better understanding of the organisation if their decisions are to be guided by logic and reason.

When managers sit down with employee leaders to talk about marketing, finance or the corporate plan, they would find themselves engaging in a debate over management prerogative. And they might wonder why they must whittle down their own powers. How they react to these complex issues would depend on how seriously they believe in HRD.

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MARUTI 1000

Quite a craze

"The new Maruti 1000cc will be quite a sensation when it hits the road at the end of 1990," said Maruti Udyog's (MUL) managing director, R.C. Bhargava while launching the car in Bombay in the first week of November. But little did Bhargava know that the car will hit the headlines in barely three weeks when booking opened for the public.

The booking opened on 14 November and within four days Maruti was flooded with more than 100,000 applications and Rs.250 crore as deposit at the rate of Rs.25,000 per application. So great was the rush that the company had to extend the booking period from two weeks to four weeks. And by the time the booking ends on 14 December, Maruti will probably end up with 200,000 applications and Rs.500 crore as deposits, estimates a leading Maruti dealer in Bombay. Even the people in MUL were taken aback, "We knew the response would be good but never expected such a great rush," says one senior marketing official of MUL.

The immediate fallout of the rush will be a multicore profit for Maruti. On the Rs.500 crore deposited with the company, Maruti will make a cool profit of Rs.19

crore by way of interest for three months, at a modest rate of 15 per cent. The company, as per the terms stipulated on the application forms, will not pay any interest on deposits for three months period from the date the booking closes. It will retain 26,250 (25,000 + 5 per cent extra) applications and return the rest within three months. The company will continue to make profit on the retained deposit of Rs.65.62 crore as it will pay only at the rate of seven per cent to the applicant while earning 15 per cent.

Riding piggyback

But it is not Maruti alone that will cash in from the rush. Riding piggyback are three multinational banks — Citibank, American Express and Bank of America. These banks were quick to grab the opportunity and offered loans ranging between Rs.19,000 and the full Rs.25,000 at interest rates varying from 16.5 per cent to 18 per cent.

Citibank came up with a well-published scheme, which offered Rs.19,000 as loan at an interest rate of 18 per cent. This scheme was originally planned to run for the entire two weeks but so overwhelming was the response that in just two days (15 and 16 November), the amount earmarked got exhausted and the scheme was closed. Although Citibank is evasive about the number of bookings they have financed,

authoritative sources place it between 30,000 to 40,000 and volume of business between Rs.75 crore to 100 crore in just two days.

The schemes of the other two banks are still open and together they expect to book 20,000 cars and receive business worth Rs.50 crore. And how about the profits? On 40,000 loans, Citibank alone will charge Rs.3.42 crore as interest in just three months over and above Rs.100 per application, as handling charges.

But that's not all. The Maruti dealers and their patronised touts also share the loot. Maruti supplied application forms to its dealers at Rs.7 each, to be sold to the applicants at the same price. In Delhi, the forms were sold out within an hour of the opening of the shop. So much was the demand for forms that the touts charged a premium ranging between Rs.70 and Rs.100 for each.

A piece of marvel

The rush for Maruti is nothing new. Maruti 800 received 160,000 applications in 1986 when booking opened. And the car which cost around Rs.55,000 fetched a premium of Rs.100,000 in the beginning. "In case of Maruti 1000, the premium expected is anywhere between Rs.50,000 to 100,000," says a auto dealer in Bombay.

The car itself is a piece of marvel with its superb design and fuel efficiency (12 to 13 km per litre of petrol) and moderate price (expected to be around Rs.2.5 lakh). "It is much better than any other Indian car. Absolutely state-of-the-art in technology and design," compliments Gautam Sen, editor, *Indian Auto* and a automobile buff. Sen has driven the car for a few days on the roads of Bombay, on a request from Maruti to test the vehicle. The other reason for a large premium is the small number of cars the company intends to produce (only 25,000 till the end of March 1992).

At the moment, however, there is a small depression in the otherwise smooth sailing of the booking scheme. Delhi high court has recently served notice on Maruti to justify the legality of accepting deposits without paying interest for three months. It has also ruled that all further bookings will be subject to the court's directive to be given at a later date. This, however, has not dampened the spirit and the business is as brisk as before, says a Maruti dealer in Bombay.



Bhargava, with the new sensation, Maruti 1000

FINANCIAL SERVICES

A look into the future

Till the early seventies, India's financial services industry was lazy, unimaginative and unexciting, with only a few exceptions. The attitude was, 'If one can prosper with no more effort than burning time in committee meetings and building elaborate bureaucracies, then why take the risk of aggressive management?' But in the mid-seventies the industry had a re-birth when a series of innovative services impacted the market such as leasing, housing finance and Dhirubhai Ambani's ingenious introduction of the Reliance convertible debenture. These galvanised the industry into further innovation and since then it has not looked back, nor has it known a single dull moment.

The Indian capital market today is submerged in a spate of mega flotations. This year's "take" from the capital market is likely to approximate Rs.8,000 crore as against approximately Rs.100 crore a year a few years back, which shows the immensity of the increase in capital market operations. The tempo of the operations is likely to intensify further, which in turn, should open the doors to more service innovations.

The key factors that are likely to impact the future of our financial services industry stem from forces which are already visible.

Deregulation

Corporate members have been permitted to enter stock exchanges, which for years have been the private preserves of stock brokers. Commercial banks, after studying the high profitability of the leasing industry, convinced the Reserve Bank of India (RBI) to modify the Banking Regulations Act to permit their subsidiaries to write leases.

Banks now have their eyes on the hire-purchase industry and are lobbying for a further change in the banking regulation bill to permit them access to hire purchase markets. Obviously the banks are serious about expanding their influence through the entire financial services industry. They are not alone. There are other major players who are just as determined. Not so long ago, Larsen and Toubro (L&T) was about to become a major lender in the market place!

The fallout of this intrusion of outsiders is reflected in what happened to the leasing industry—rental rates dropped dras-

tically over the period 1973 through 1987 when commercial banks and financial institutions stepped into the domain of leasing companies and brought down rates from a previous high of Rs.33 per month per thousand (PMPT) down to Rs.23.75 PMPT, a fall of 28 per cent. The internal rate of return (IRR) impact is even more illustrative and graphic. Rentals which were priced at Rs.33 PMPT for a five year lease and which generated an IRR of 32.48 per cent, fell to a dismal 15.5 per cent when rates dropped to Rs.23.75 PMPT.

This fall in prices is a matter of historical record in the leasing industry. This phenomenon is not peculiar to India, it has happened and is happening throughout the developed world. An invasion of the domain of financial services, catalysed

The secret of success for the future may be to scan "financial needs", presently not met because they are considered not adequately sophisticated to merit attention and develop strategies to finance them

by deregulation, is a definite indication of the state of things that will prevail tomorrow.

Legislation

The most unpredictable constraint in finessing a corporate plan is the inability to predict what government will legislate upon next. The government being desperate for new revenues, virtually every segment of the financial services industry will find itself placed under the microscope for an opportunity to squeeze out as much tax as possible from a profitable sector. After all, the government is threatened by an internal debt trap and of necessity needs access to every interest-free rupee it can lay its hands on.

The leasing industry was growing at a frenetic pace when government stopped it in its tracks with the introduction of section 115 J, a tax imposed on a company's book profits where it has no taxable income. The leasing industry regained its

composure only to receive another body blow in the form of the sales tax amendment bill which deemed a lease to be a sale and imposed an average 4 per cent tax on lease rentals. The frequency of new legislation is increasing to the point that there is a surprise at every corner.

The worst is by no means over. The hire purchase industry may be in for a big surprise if a bill that was introduced in Parliament during May this year is passed. This bill imposes a present ceiling of an 18 per cent interest rate on the declining balance method on all hire purchase arrangements, with a provision for further revisions later, in case of need. If this rate is contrasted with the prevalent rate charged by the largest hire purchase company approximately 26 per cent p.a., the damage potential becomes transparent.

Expanded consumer awareness

The customer of 1990 will be less tied to old norms and loyalties. Price and convenience will be paramount. With potential access to databases and on-line video text information, tomorrow's customers will be better informed and able to stay updated continuously.

While banks have been accustomed to corporate relationships spanning many years, leasing companies, given their more recent emergence, have learned to live with short-term, transaction-driven relationships. The lessee has no loyalty except to the lowest-quoted price and he keeps himself continuously informed of current prices. This phenomenon will spread and hit the entire financial services industry. No longer can one coast along on the expectation that he has a customer for life, though most consumers do not yet realise the power they will potentially have once databases and video text information is readily accessible.

The industry is facing an economic ideal never before achieved, that of perfect competition based on the consumer's future capacity through databases to be completely informed of terms and prices available. It has no option but to be prepared for this eventuality with effective "cost control" mechanisms if it is to be among the survivors of the future.

Services with growth potential

Recent developments suggest that the pattern of growth will be to give centre stage attention to those services that were frowned upon till yesterday. Finance companies and banks throughout India had bent over backwards to work with large



— Featured here is part of the Louis Philippe collection in blues. —

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THE NEW BREED OF STEEL

corporate accounts, and individuals who had the temerity to walk in and ask for loans to buy a scooter or a TV set were usually shown the door.

Today, consumer credit and the individual gets top billings. Leading finance companies in the country and banks including State Bank of India, Citibank, Amex, Hongkong & Shanghai Bank, have turned their attention to providing consumer credit.

The logic behind this decision is unassailable. The total number of Indian corporate accounts available are limited as these companies are increasingly securing their money directly from the capital market and in future will probably access funds via commercial paper. As opposed to this, the consumer credit market is almost infinite, the rates of return a lot more attractive and the risk exposure per capita significantly less.

The secret of success for the future may be to scan "financial needs", presently not met because they are considered not adequately sophisticated to merit attention and develop strategies to finance them. We may benefit by following the example of Sears Roebuck, which won international recognition by accomplishing this very objective, not too long ago.

In the early 1920s, when rural America gained purchasing power, Sears saw a distinct marketing opportunity and grabbed it. Sears recognised it could not build departmental stores all over the American countryside, so it mailed catalogues with their products illustrated and prices indicated in detail. Rural America responded enthusiastically and Sears grew into the world's largest retailer with revenues of over \$ 40 billion.

But the company began to boom only after Lewis Rosenwald introduced the policy of "satisfaction guaranteed or your money back". To allay the fears of the rural people, Rosenwald insisted on honest advertising, reliable products and fair prices, and won the trust of the rural community. Sears identified itself with the changing needs of American society and adopted bold innovative strategies to meet those needs. Today it is marketing financial services through its retail stores.

New services

Sears has entered financial services aggressively and represents a serious threat to banks, housing finance agencies and insurance companies as it has pioneered new services in all these growth areas. Sears is recognised as the pioneer in the

method of delivering financial products for the consumer, and it has repeated today what it did sixty years ago, bringing products and services to the doorsteps of the most distant, neglected and uncared for customers.

India, today, faces many problems in the area of financing that America encountered in the 1920s, so the success pattern demonstrated so effectively by Sears is worth emulating. That being the case, can the financial services industry disregard rural markets?

The experience of the banking sector is an instance in point. When the banks were nationalised in 1969 and directed to issue loans to the agricultural sector, experts feared that banks might lose all their funds if they lent them to farmers. No one ever visualised the huge untapped reservoir of rural savings that would flow into the bank from the rural areas increasing total bank deposits ninefold from Rs.6,000 crore to Rs.54,000 crore in thirteen years. Today, similar potentials in agriculture, industry, commerce, education and many other fields remain unseen and therefore unutilised.

Another distinctly foreseeable concern of the financial services industry, especially that of banks, is the problem of paper costs and business volume. The movement of paper such as cheques consume an excessively large amount of money and effort of the banks. This will increase all the more after the rural population partakes of bank services in a big way. The financial services industry, especially banks, will inevitably confront a cost threat of astronomical proportions, if not in the late nineties, most probably by the first decade of the next century.

American business technologies' answer to the cost problem is to adopt "image processing". Banks can instal machines (built by IBM, Unisys or NCR) to photograph cheques and change most of them (signatures are still difficult) into digital form, to be transmitted through optic cables to a processing centre and then switched around the clearing system in an electronic form by the automated clearing house. Electronic cheques, stored in the form of digitalised images on optic storage discs, are cheaper than conventional paper cheques and eliminate human error.

The Indian leasing industry, which commenced operations in 1973, developed too fast too soon. By 1978 there were 300 odd leasing companies functioning and the promoters of several of these companies,

accessing large amounts of public capital, were learning leasing at the cost of the public, as it was not possible to develop 300 plus leasing executives overnight to man these companies.

A similar fate awaits other segments of the financial services sector, unless precautions are taken against and attention focussed on the growth prospects in the future of mutual funds, junk bonds, leveraged buyouts and hostile takeovers. This can be done possibly by encouraging through management schools the study of the problems that attended the development of these activities in the American, Japanese and European markets, so that we have clear cut ideas and contingency plans ready to manage them when they reach India.

Perhaps the most scarce resources in financial services area in the future will be trained management personnel, and not money or business opportunities. Given the rapid growth of the Indian economy and the limited number of management educational institutions, the number of graduates that annually come out of these schools may have to multiply many times before they are adequate to meet the needs of the business world, including the financial institutions.

The financial services industry will unquestionably have to establish management schools either in-house or in tandem with other units in the industry to ensure the continuous availability of a stream of financial executives equipped to handle the needs of the industry tomorrow.



FAROUK IRANI

The author is managing director of First Leasing Company of India Ltd, Madras

One of India's most
progressive companies is also
the most diversified



In 1951, Century was just a textile mill. Today, it ranks among the most diversified companies in India. Internationally, it has become synonymous with the very best in Indian cotton textiles, emerging as the largest and most dependable supplier of superior cotton textiles.

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Besides, it has designed and fabricated complete chemical and tyre record plants.

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THE SPACE AGE RADIAL

Manoeuvre: The unique 'Z'oid tread pattern unravels a new force in road-hugging.

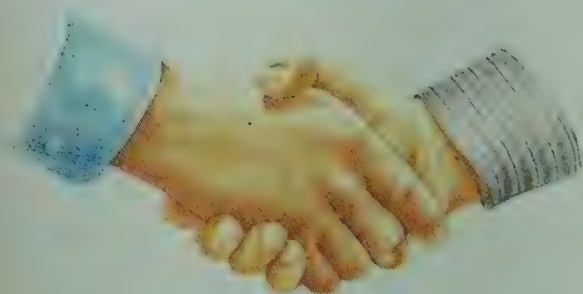
Brake: Feel the broad tyre base hold the road in a tight grip.

Park: The tough, wide tyre base, and the

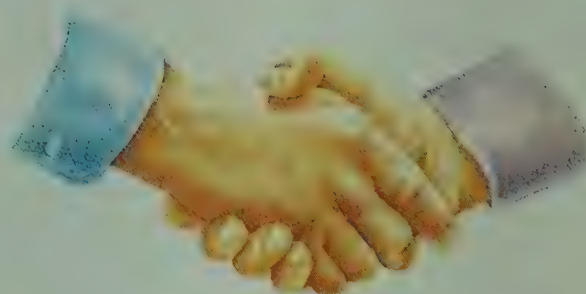
sensational raised black-lettering announce your arrival – in style!

MRF ZIGMA: It's an out-of-the-world driving experience.





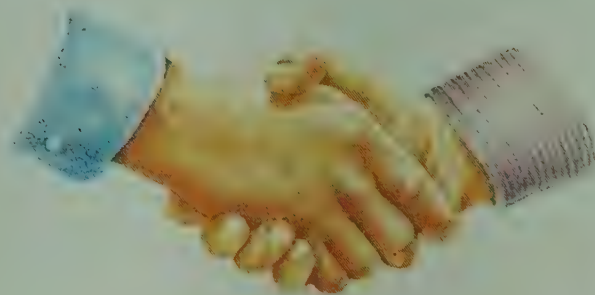
Yamatate Honeywell, Japan – Instrumentation.



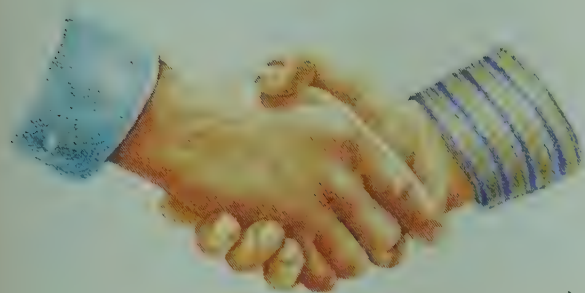
Honeywell, USA – Instrumentation.



Nakajima All, Japan – ACN Electronic Typewriters.



Valentine, France – Ranutrol Hansa Showers.



Centre for Development of Telematics, India –
ACX EPABX Systems.



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Profits — who do the figures fool?

Bank depositors, unlike investors in shares, are not in the habit of scrutinising balance sheets. As a result, the fact that Indian public sector banks' balance sheets are deteriorating every year, goes largely unnoticed. True, they all show profits but these are offset, by the lengthy footnotes of auditors. From the balance sheet of the United Commercial Bank (UCO), for example, which was submitted in October this year, it is clear that the 15-month period ending March 1989 has been particularly bad for the nationalised banks.

One of the reasons for the six-month delay in releasing UCO Bank's accounts, could be, that the management was trying to convince the auditors that prudent accounting practices have been followed. The auditors had taken exception to the accounting methods employed to show profit. And finally, as things happened, the 16-point auditor's notes to the accounts makes a mockery of the published profit figure of Rs.5.73 crore.

While the powers-that-be in New Delhi may be impressed by the fat dividend cheques presented by the chairmen of the nationalised banks, the auditors definitely are not. With the exception of a few like the State Bank of India (SBI), Canara Bank and Indian Bank, almost all major nationalised banks are guilty of inflating their profits for the financial year between January 1988 and March 1989.

Inadequate provisions for bad and doubtful advances has been, in recent years, the most common method of holding up the bottom line. Central Bank of India for example, has shown a profit of Rs.15.2 crore. For the purpose of income calculation, however, it has considered good (and therefore made no provisions for) advances worth Rs.18.23 crore to nationalised undertakings. The fact here is that, decisions on appeals or fixation of compensation against these advances are still pending.

For Bank of India (profit Rs.22.08 crore), advances to nationalised or to-be nationalised units, for which no provision has been made, amounts to Rs.34.98 crore. Of this, some dues may be protected by the Central government, but the notes do not specify exactly how much. And, for the Calcutta-headquartered United Bank of India (UBI), interest amounting to Rs.36.34 crore, charged in 1984 on pre-takeover dues from nationalised units, have not been accepted by the Central government. Yet no provision has been made. And UBI has shown a profit of Rs.50 lakh for the year.

Consider the following:

- Almost all balance sheets show calculation of income on an accrual basis. For example, when interest on a certain account falls due, the bank count it as paid

(whether or not it actually is) for the benefit of the balance sheet. But when it comes to expenditure, the calculations are always on cash basis. Thus, a number of banks have no provisions for gratuity with the notes to the accounts stating that "payments will be made on a cash basis". In the case of wages too, banks are following the practice of payment on cash basis. When Central Bank finalised its balance sheet on 24 June, it knew, by then, that negotiations for a hike in officers' salaries was nearing completion. But not even an ad hoc provision was made for this liability of arrears effective from November 1987.

The Union Bank of India too has not provided for such liabilities. And in the case of Dena Bank, even the wage arrears to be paid to the award staff — whose settlement was completed much earlier — has not been provided for. UCO Bank has qualified its wage arrears liability — approximately Rs.17 crore — but has not made any provisions as payment will be made on cash basis. And unlike gratuity, such wage payments can only be deferred by a year.

- Banks are exempted from revealing the market value of approved securities — ie, Central government, state government or trustee securities. Thus, it is not possible to ascertain from the balance sheet, the exact amount by which the profit is overstated on this account. Also, adequate provisions are not made for depreciation on investments which the auditors may note.

- Inadequate provision for income tax liabilities, against which banks have appealed to the authorities, has been another common ploy for showing increased profits — Bank of Baroda, Bank of India, Central Bank, Dena Bank and Andhra Bank have all prompted a note from auditors on this count.

- Banks with branches abroad have advances held up in countries with balance of payment problems. These loans, in all probability, will have to be written off. For Bank of India, this is a whopping Rs.84.75 crore, which the auditors say the bank will provide for in a phased manner.

Against such qualifications, the profits of most nationalised banks become almost meaningless. And, as things get worse, as they are bound to, more innovative accounting practices will have to be found by the banks as their balance sheets get worse.



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**WILL YOU ALLOW YOUR
A MAN WHO LOVES HIS**



He conforms to contradictions: Combining velvet-glove elegance with animal energy.

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DAUGHTER TO MARRY JEEP?

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But coax him to speak about his second love (his Jeep) and he'll open up.

He'll confess to be driven by a passion for civilized power. Or his need for a friend he can trust in fair weather and foul. "The Jeep demands so little", he'll say, "and gives so much."

He might mention in passing how his analytical brain is seduced by the Jeep's economy (25 paise per kilometer).*

And soon you'll realise that while this man's guts make him say "I-don't-give-two-hoots-for-the-world", his heart says "I'll-give-the-world-for-my-first-love."

That should help you arrive at a decision. Though you will grow to see that he really won't care. One way or other.



Mahindra
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D I E S E L



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*At current diesel prices. Fuel consumption: 15 km/lit. at 40 km/hr under test conditions.

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PRESSMAN

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ALL INDIA ADVERTISING CONFERENCE

Tomorrow has come

Neither a moron, nor an obliging partner — this in essence describes the consumer of the coming decade whose typical profile will be: young, urban, heavy spending adult; acquisitive, with the means — a high disposable income — and mental make-up to exercise a more discerning choice in the market place.

This was but one of the many futuristic pictures that emerged at the 7th All India Advertising Conference organised by the Indian Society of Advertisers Ltd (ISA) at Bangalore last fortnight. With its theme "winning the consumer of the 90s," the three day conference was an exercise in both prophecy and preparation for the Indian advertising and marketing fraternity.

Going by the delegate count — 620 — and the packed attendance at each session, advertisers and advertising professionals seem to be well aware that tomorrow has come. And the overriding concern is how to cope with the manifold changes it will bring. Conference chairman, Harish Mahindra, chairman and managing director, Mahindra Ugin Steel Co Ltd enthuses that, "There does, indeed, seem to be a tremendous awakening in the advertising community."

A big role

Given the conference theme, it was only appropriate that the chief guest represented one of the largest advertisers in the country. In his insightful keynote address, A.S. Ganguly, chairman, Hindustan Lever Ltd set the tone for the conference by spelling out the role of advertising in the broader canvas of social and economic development. According to Ganguly, "The marketing and advertising profession has, therefore, a big role here, to inspire, to warn, and to dream."

The series of 30 minute presentation papers, divided topic-wise into separate sessions, reflected the concerns of tomorrow. The first set of deliberations focussed on the changing consumer and both the opportunities and challenges the new breed presents. Brahm Vasudeva, chairman and managing director, Hawkins Cookers Ltd, pointed to certain economic factors of the last five years which altered the consumer profile: growth in per capita real income at 27 per cent per year, a healthy savings rate and the fourfold in-



crease in the consumption of major durables.

According to Vasudeva, of great significance have been the contributory social factors. He calls them the three Ts — travel, thought and television. Travel induces a hunger for better products. The impact of television and its ability to leap across the literacy barrier has now been well established. The combined impact of both these factors generates self image. With a more conscious and discerning consumer population, products would necessarily, have to be realigned to measure up to the advertising promise.

Buyers dictate

The power has shifted decisively to the consumer, according to S.R. Ayer, managing director, Ogilvy & Mather. The classical marketing pyramid with the manufacturer sitting pretty at the top and dishing out his choice of brands to a homogeneous massified market is now being turned on its head. In the inverted pyramid model, marketers will follow the dictates of buyers. Why is this change coming about? The consumer age distribution patterns has changed and now a large population of young to mature adults exists. How should advertising reorient itself in the nineties to address this screen-literate generation which subscribes to the me-ethic? Companies should understand, for example, the speed at which attitudes change.

Advertising would need to take into account, lifestyles, moods, user-images and adopt a more ego-involving strategy. The power of video and new techniques like screen graphics, TV networking and cable TVs can hardly be ignored. In sum, Ayer foresees a disquieting decade ahead but

concludes that, the one constant is that "we will continue to be in the business of big ideas".

Against the backdrop of an evolving scenario, future marketing and advertising strategies need to be clearly outlined. That formed the subject of the next session which interestingly, reflected two view points — Indian and American. Shashi Dash, managing director, Polynova Industries Ltd preferred to draw upon the advertising successes of the eighties for developing a strategic prescription for the future. How can marketers cope with ever-changing dimensions without tears?

One-to-one selling

The formula according to Dash is a mixture of both traditional and new elements — a sharper product differentiation without which Dash warns that "Either you are ahead or obsolete". Garden Vareli and Hero Honda were cited as products that are leaders of their respective packs. The age is clearly that of target marketing which means following the pharmaceutical concept of one-to-one selling, in effect, the bull's eye approach.

Nonetheless, aggressive selling is not the only key to unlock consumer wallets. The buzzwords are 'retention marketing' which starts from the point of sale and delivery to encompass customer service. Blue Star is one company where every employee has compulsorily to imbibe a customer satisfaction programme.

The western dimension and a glimpse into global trends was provided by New York-based Nat Yogachandra, director, marketing communications for Asia, Africa of the Eastman Kodak company. The spate of mergers and strategic alliances which shows no signs of abating has made globalisation a reality. The technological explosion has made information easy to share. In the US, explains Yogachandra, the consumer profile has altered too. As life expectation increases and family sizes shrink, a baby bust is in the offing. He sees a split in the market place between speciality products (customised financial planning and business travel) and the general high volume segment.

Taking this into account, American advertising is moving into personalised messages. Niche targeted sales promotion, is the order of the day, all of which utilize numerous communication vehicles. Companies like AT&T and Kodak have specific advertising campaigns for minority markets.

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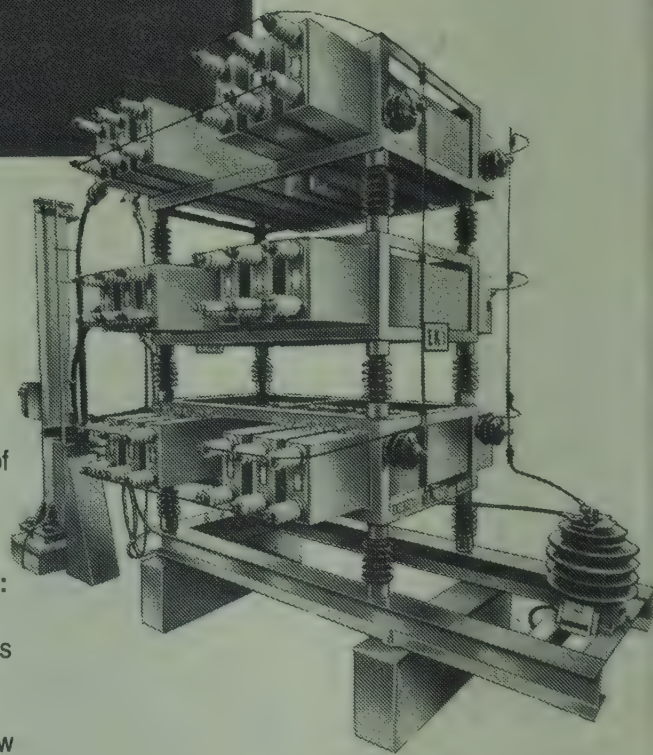
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From the conceptual and creative level the deliberations moved towards systems for product development and distribution. As far as products go, consumers, needless to say, have a wider choice than ever before. A distinct trend towards packaged commodities (like salt and spices) in both user and trade friendly packs in distribution supermarkets have come to stay. These were some observations by P. Barua, vice president, marketing and sales, Brooke Bond India Ltd.

Barua believes that by 2000 AD, 75 per cent of total demand should be from the villages and all efforts must be to strengthen rural marketing strategy. Regional brands, unbranded packed products and infringements are realities that rural marketers have to cope with.

Urban customers

The young urban adult who is willing to experiment, and is fashion and brand conscious, will be the focus of marketers in the 90s, prophesied Ravi Kant, vice president (marketing), Titan Watches Ltd. In product development, the effort should be to provide something extra beyond the basic function — the alpha factor. Styling and packaging will be of supreme importance with consumers expecting greater value at the same price. At the distribution level, Ravi Kant, the challenge would be providing greater variety, yet minimising inventory levels.

From galvanising marketing machinery, the crystal ball gazing entered the zone of high-tech, facts, figures and their interpretation. Market research will not undergo any radical transformation in the coming decade, said Titoo Ahluwalia, chairman, MARG. In the offing is a more steady business growth of 10-15 per cent every year, as well as a more disseminating body who will demand less of market monitoring and opt for specific actionable

studies. Market researchers themselves have emerged from the backroom and should increasingly, function closely with marketing divisions.

In technology terms, the new toys for MR are becoming more accessible and their use can only increase. But Ahluwalia states candidly that, by and large, the industry will be untouched by the technological revolution or the new hardware for data capture like interactive computing and retail scanners, given the Indian reality. By the end of the next decade, the MR industry should be chalking up business worth Rs.60 crore — the current figure is around Rs.17 crore.

Spiralling media expenditure has been the hallmark of the eighties. Presenting a radical viewpoint, Rhoda Mehta, director media & research, Ogilvy & Mather feels strongly that the media boom is a thing of the past. Between 1986 and 1989, annual expenditure on various media has grown at an average rate of 43 per cent. The 90s will see no explosion but growth at a much slower pace. What Mehta acknowledges is that information will explode and the likely innovations will be in matching media to market trends. New media vehicles like video and cable TV, trade and technical journals will shift the focus from metro media to that at the locality level.

A let down

From niche to micro marketing would be the natural development in the 90s according to Siddhartha Sen, vice president (marketing), Hindustan Lever Ltd. More specific media targeting is likely as is the use of non media like press releases, promotional events and sponsorships like the Reliance Cup.

The keenly awaited case studies presented on the final day proved to be somewhat of a let down. The North Star garments and shoes case study, in particu-

lar, seemed more of a sales pitch by the ad agency to a prospective client than a study in strategy. P.N. Dutt, senior vice president, Lipton India Ltd spelled out the *raison d'être* behind a strategic business decision taken by Lipton: to build a presence in processed foods. Karl Kummer, director, business operations, Modi Xerox Ltd, convincingly established that theirs was a thought out, well-planned success in the copier market. As first entrants, much of the effort was directed to making potential customers copier-wise.

A thoroughly unconvincing case was made for Indian Airlines and it's so called image building exercise. As long suffering victims of the national carrier, most delegates could only observe a polite silence. The uppermost question in all minds was if the product can never match the promise, why bother to make that promise (i.e. advertise)?

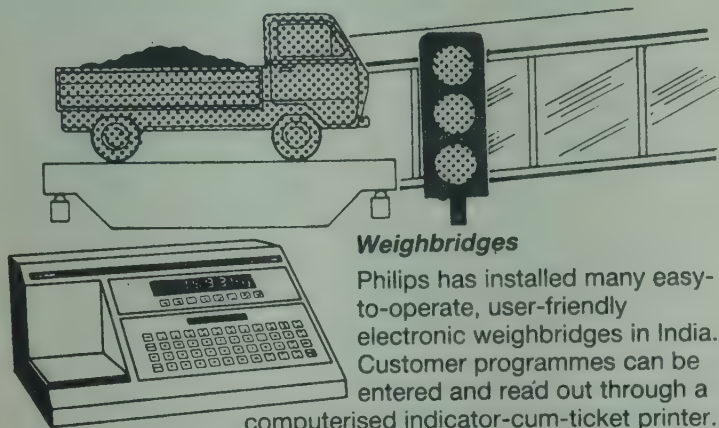
A soul-searching keynote address by Tara Sinha, managing director, Tara Sinha Associates, brought the two-day journey into the future to an end. Economic growth may be all very well, but can advertising contribute to social growth? asked Sinha pointedly. Clearly this profession which creates and influences values, enhances desires is lacking in its social contribution. Sinha mooted the idea of 'Project Progress' a developmental effort, which would work with voluntary agencies and youth services for the betterment of the community at large. With Pranesh Mishra of Pathfinders summarising the proceedings, the conference drew to a close. Each session and the barrage of questions that followed had provided much food for thought. And the one uppermost in all minds was that within a month, tomorrow will be today.

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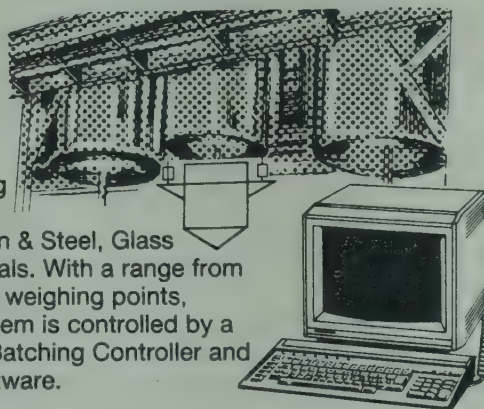


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SIKKIM STOCK EXCHANGE

A free for all?

Since 1975, when the picturesque state of Sikkim was merged into India, many business houses and entrepreneurs have made a bee-line for this economically somnolent tax haven.

They all had one intention: to make money and avoid the taxes and duties that were applicable in other states. But, the centre woke up and plugged the loopholes, and they all beat a hasty retreat. Thus went the story of Sikkim's romance with big business.

During those heady days, four years ago, when it looked like Sikkim was going to emerge as a centre of trade and industry, a young Delhi-based chartered accountant set up the Sikkim Stock Exchange Association Limited (SSEAL), in Gangtok. The idea was to reap the benefits of the fact that the Securities Contracts (Regulation) Act, 1956 is not applicable in Sikkim. By the same token, however, the stock exchange, set up under the Registration of Companies Act, Sikkim, 1961, never did gain recognition by the finance ministry. Apparently, the only objective of this stock exchange was to mop funds in the form of the memberships. There is minimal or no trading and there are numerous complaints about irregularities from many quarters. The SSEAL currently has 100 members on its list — 350 are from Delhi, 100 from Gujarat, 100 from Bombay, 80 from Sikkim, while the rest are from places like Bhubaneswar, Muzaffargarh, Karnal and Pondicherry.

Staggering premium

In 1985, with the boom in the capital market, "memberships of this exchange was sold out at a staggering premium of Rs.30,000 in Delhi", says a member of the exchange, who requested anonymity. Locally, however, memberships went for as little as Rs.1,000.

Things progressed smoothly in the beginning mainly because of the involvement of M.M. Rasaily, former home secretary to the local government. Rasaily is presently advisor to Sikkim Sangram Parishad (SSP), the ruling political party in Sikkim. Reportedly, the exchange is controlled by him, while his wife, R.M. Rasaily, principal of a tiny nursery school, is the chairperson of the exchange.

Rasaily, was not available for comment on the charges being levelled against the SSEAL, as he was away on election cam-

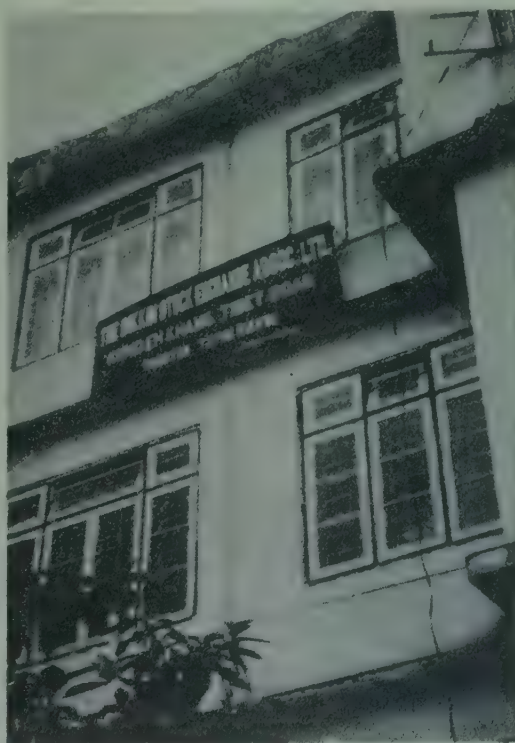
paign tour. And, interestingly, the SSP government is turning a blind eye to the issue. When asked to comment on the exchange, Chalma Tshering, the state finance minister says, "I don't have any idea about it." G.V. Pradhan, secretary finance, government of Sikkim, however, comments, "No actual business or trading takes place at this exchange."

Among the companies listed on the SSEAL are Sikkim Bank Ltd (of which Rasaily is chairman and managing director), Sikkim Exports, Sikkim Plantations, Sikkim Electronics, Sikkim Agro Industries Ltd (SAIL), and Himalaya Tea Ltd (HTL). Says Rajendra P. Chowdhury, an SSEAL member, "All these companies are in a way connected to the promoters of the exchange. So far, only HTL, Sikkim Bank and SAIL issues have been traded at this exchange."

Chowdhury adds, "The SSEAL authorities manipulate the prices of the shares in an illegal, arbitrary manner. On 6 February 1989, Sikkim Bank Limited was traded at Rs.10, Rs.10.50 and Rs.11. It then went up to Rs.14 and came down to Rs.13.50 on 13 February. On 28 March, the prices went up to Rs.20, Rs.21.50 and Rs.22." He asks, "How can there be any movement in share prices when the exchange, with only two active members, is open for trading between 11 am and 1 pm, and that too only on Mondays?"

Unusual AGM

There is more to it. On 28 October 1989, the SSEAL conducted an unusual annual



The SSEAL: irregularities galore

general meeting. There were only two members of the SSEAL council of management and a member of the exchange from Siliguri. Chowdhury points out, "The authorities decided to pass the accounts for 1988-89 even in the absence of a quorum."

The accounts are intriguing, to say the least. As per the balance sheet, the exchange incurred a loss of Rs.10 lakh, while the loss was Rs.7 lakh during the previous year, ie 1987-88. In the same period, travelling expenses moved from Rs.54,551.20 to Rs.1,02,878.50. Rent of premises went up from Rs.79,115.65 to Rs.3,13,041. Asks a member of the exchange, "How can the rent of the premises go up so much in a year even though it remained in the same place?"

While most of the stock exchanges in the country have been trying to rope in on the professionals (chartered accountants, MBAs, etc) as new members, SSEAL has made no such efforts in this direction; there are at least four chartered accountants in Gangtok and none of them is a member of this exchange. Says Dilip Advani, a chartered accountant and proprietor, Advani & Associates, "They do not reveal anything. They are very secretive about their activities."

Not aware

It appears that the higher-ups in the stock exchange division of union finance ministry are not quite aware of the goings-on at SSEAL. A senior official of the stock exchange division (investments), ministry of finance, government of India says, "If there is any hanky-panky going on, we will take action. But before that we have to examine the papers available and look into it."

Reflecting on the activities of the SSEAL, M.R. Mayya, executive director of the Bombay Stock Exchange comments, "What has been going on in Sikkim is not in the interest of the investing public. The question of applying the provisions of Securities Contracts (Regulations) Act, 1956 needs to be considered on an urgent basis." And as Durga Thirani, president of the Sikkim Chamber of Commerce says, "We want the interests of the members and the investors protected."

Of course, recognition of the exchange or extension of the Securities Act to Sikkim may remedy the situation to some extent, the question of the state's ability to garner significant investments would still remain open.

DEVAPRASAD PUROKAYASTHA

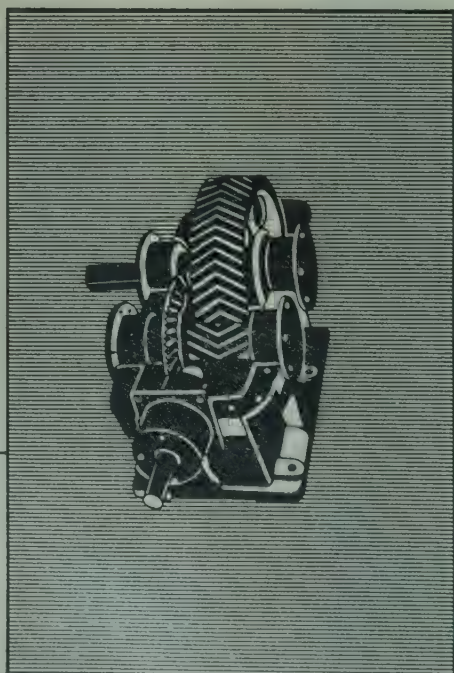
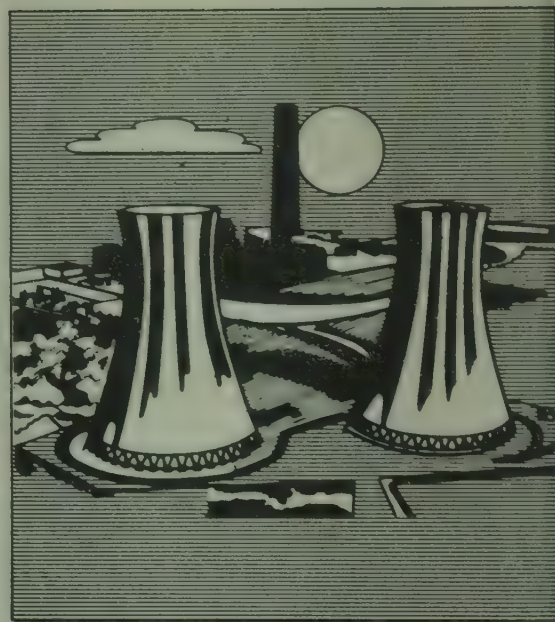
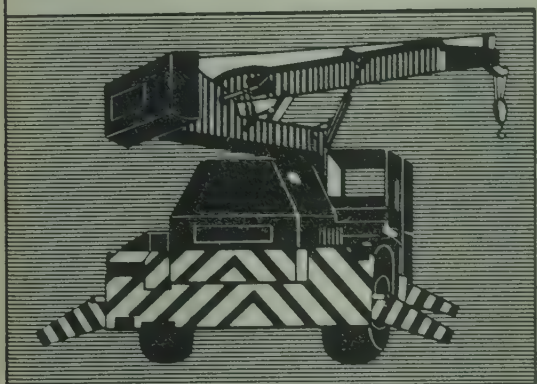
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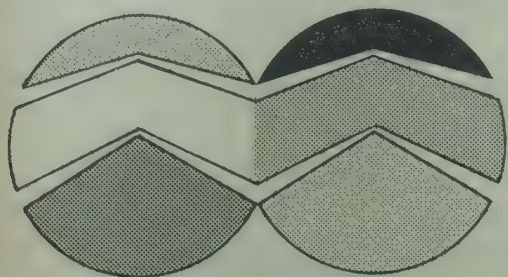
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HINDUSTAN LEVER'S FCC PLANT

Really hi-tech?

If officials of Hindustan Lever Ltd (HLL) are to be believed, India gained entry into an exclusive area of technology, available in only a few countries, when Jyoti Basu, the chief minister of West Bengal inaugurated the company's fluid cracking catalyst (FCC) plant at Haldia at the end of October 1989.

Put simply, an FCC is a chemical which catalyses the conversion of waste feedstock, obtained after primary distillation of crude petroleum, into value added petroleum products. This feedstock, a heavy waxy substance, is made up of long and heavy carbon molecules containing 40 carbon atoms or more. When an FCC is introduced into the feedstock, it splits its molecules into smaller ones — such as those in petrol, diesel, LPG, and kerosene — through a process known as "cracking", and instantly vaporises it.

Activity factor

The vapour is once again distilled whereby as much as 90 per cent of the waste can be converted into petrol, LPG, diesel, and so on. Depending on the nature of the base catalyst (Y-zeolites in this case), and additives used, the exact ratio of middle distillates (such as diesel and kerosene) and purer products (like high grade octane) derived can be worked out quite accurately. The efficiency of conversion of feedstock to value added products is known as the "activity factor" of the FCC.

In India there are about eight or nine refineries, accounting for roughly 85 per cent of the refining capacity of the country, which require FCC. Most of these user-refineries belong to Hindustan Petroleum, Bharat Petroleum, MRL, Cochin Refineries and IOC. Their total annual requirement of FCC is 3,500 tonnes per annum (tpa), all of which is currently imported, supplied by two companies, AKZO Hout Chemie of Holland and Crosfields of the UK, the latter being a Unilever subsidiary, like HLL.

HLL has set up its Haldia FCC plant at a cost of Rs.10 crore with technology supplied free by Crosfields. The plant, which has an import component of about Rs.1.25 crore, will manufacture 5,000 tpa of zeolite-based FCC which is presently imported from Crosfields under the brand names, XL-70 and XL-90. With the plant meeting the country's entire FCC needs, it is expected to bring about foreign ex-

change savings to the tune of Rs.7 crore annually.

HLL maintains that the plant, which has been set up in HLL's Rs.55-crore chemicals complex in Haldia, incorporates state-of-the-art technology. However, a technologist of Hindustan Petroleum avers that "it would be incorrect to say that HLL is bringing in the latest technology. XL-70 was introduced in India by Crosfields a year ago, nearly four years after it was first marketed in Europe." In an area of technology where products are being replaced every year, in four years it could well be almost obsolete.

World quality

A spokesman of HLL counters this by saying that, in Indian conditions, where a catalyst is required to give more middle distillates like diesel and kerosene rather than petrol (while the reverse is true in other countries), the catalysing products to be made at Haldia are the best available internationally. "Moreover," he says, "HLL will collaborate with the Indian Institute of Petroleum, Dehradun, and National Chemical Labs (NCL), Pune, to ensure continuous upgradation of technology to keep in tune with the country's specific needs".

Paul Ratnaswamy, deputy director of NCL,

confirms this and adds that "manufacture of Y-zeolite based FCC is a closely guarded technology and there are very few companies worldwide who have access to it."

Ratnaswamy says that "about three years ago, NCL and Indian Oil had decided to develop indigenous catalyst technology which was to be passed on to IPCL. But we found that for commercial viability, the plant size should be at least 7,000 to 10,000 tpa, when India needs only 3,500 tonnes. We have therefore decided to go along with the HLL project, but with the understanding that our technology will replace Crosfields, once we achieve equal superiority."

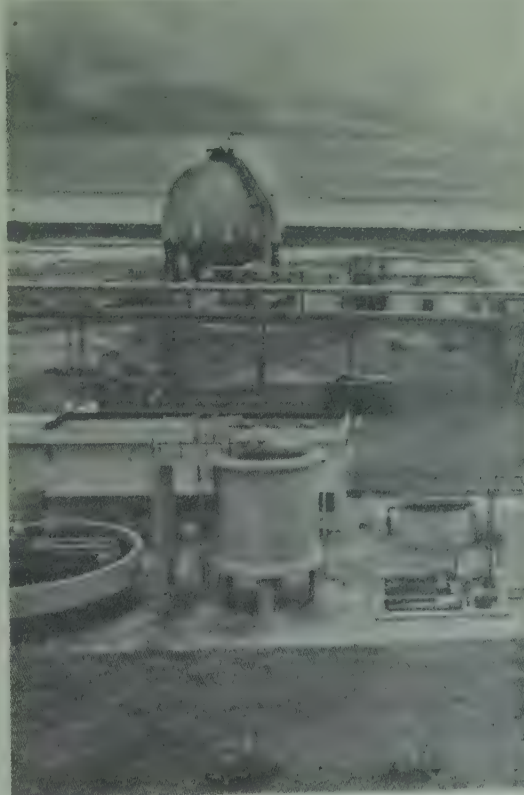
Ratnaswamy agrees with HLL's claim that zeolite-based catalysts have revolutionised FCC technology the world over. "Today, the trend worldwide is to use Y-zeolite as a base catalyst to achieve a higher ratio of LPG and higher grade octane. Such catalysts," he says, "have a higher activity factor."

Besides efficiency, FCCs must also have the facility of "selectivity". Selectivity, whereby the type of distillates can be selected, is brought about by changing the chemistry of the catalyst and giving it a higher activity factor. This is achieved through the introduction of the different types of additives. As Ratnaswamy says, "To achieve a change in selection we need to alter the geometry of the zeolite crystal which can be done by additives, the controlled use of which can result in a controlled selection pattern."

Additive developed

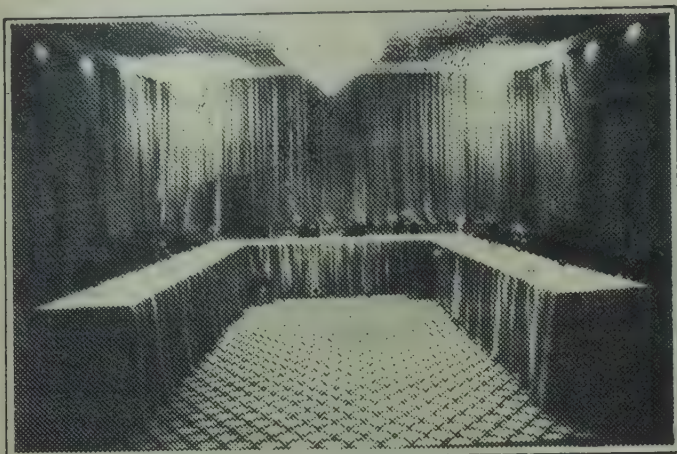
Ratnaswamy says, "NCL has the technology to achieve this." NCL has developed an additive called Pentasil Zeolite. United Catalysts India Ltd (Baroda), now makes this additive under licence from NCL. Till recently, this additive was a monopoly of only two companies in the world, namely, Union Carbide and Mobil. This additive apparently not only improves the yield by 2 to 3 per cent, but also gives out more LPG and higher octane petrol as long as it is active.

Details of the know-how supplied by Crosfields are unavailable since HLL officials are tight-lipped about its exact nature, on the grounds that it is a closely held technology. Though Ratnaswamy has reservations about the secrecy surrounding the project, he feels that "it is a stepping stone, to breaking new grounds in a competitive area".



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NASSCOM

A good beginning

When, three months ago, the representatives of the Indian software industry had a meeting with the cabinet secretary T.N. Seshan, it was a high point for National Association of Software and Services Companies (Nasscom). The jubilation was justifiable. For once, senior secretaries in the government were actually sitting across the table and discussing the problems faced by the nascent but fast-growing software industry.

More than a year after when a splinter group of software companies got out of Manufacturers Association of Information Technology (MAIT) to form Nasscom, the fledgling organisation, with about 30 large and medium software houses as members, achieved its first major achievement through the meeting with the committee of secretaries.

And last fortnight there were some results too. Apparently the government, since it considers software to be a major export potential in the next few years, finally decided to provide certain much-awaited incentives, which the software houses were clamouring for, since long. According to industry sources, the government is keen on giving a 100 per cent income tax exemption to software export houses — a benefit already available to exporters in other segments under section 80 HHC of the Income Tax Act, 1961. It was felt that software industry, basically being a consultancy service, should be exempted from income tax burden.

Dismal scene

The software exports scenario has been rather dismal over these last years. The department of electronics (DoE) had forecast that, by 1990, exports would touch the Rs.300 crore mark. However, last year, despite immense potential, exports could only touch a meagre Rs.115 crore. This year it is expected that software exports might bring in revenues upto Rs.175 crore — a figure still far below the target.

Nasscom's objectives were very clear. According to the association's president, Prem Shivdasani, Nasscom was formed to look at the domestic software industry, exports, lack of proper infrastructure, financing of software houses and software piracy. Over the last one year, Nasscom has moved very close to identifying solutions for these problems.

With the teething trouble over, Nasscom has set out to achieve its goals. Exports and piracy are two areas where substantial work has been done. With Rs.1,500 crore target set for software exports by 1995, the DoE has been pushing the government to seriously consider providing more reliefs to the industry. Says Harish Mehta, vice president of Nasscom, "At least a beginning has been made."

Recently, the world bank submitted a proposal to the DoE for a detailed study on the potential of the Indian software industry, with regard to developing both the domestic market and exports, directly related to each other. The proposal says that India "has the potential capability of increasing the value-added component of its exports, provided it is able to identify and enter the right markets." The study, which is still to be accepted by the DoE, is to be conducted using a Japanese grant and the electronic industry development project (EIDP) of the World Bank. According to Geoffrey Gowen, project manager EIDP, although India has the potential to exploit market requiring higher skills than merely low value-added tasks as data entry, database creation etc, "it could be risky for the country to spread itself too thin in the higher skill segments. If the study comes through, Nasscom is to work on it with DoE and the Electronics and Software Promotion Council.

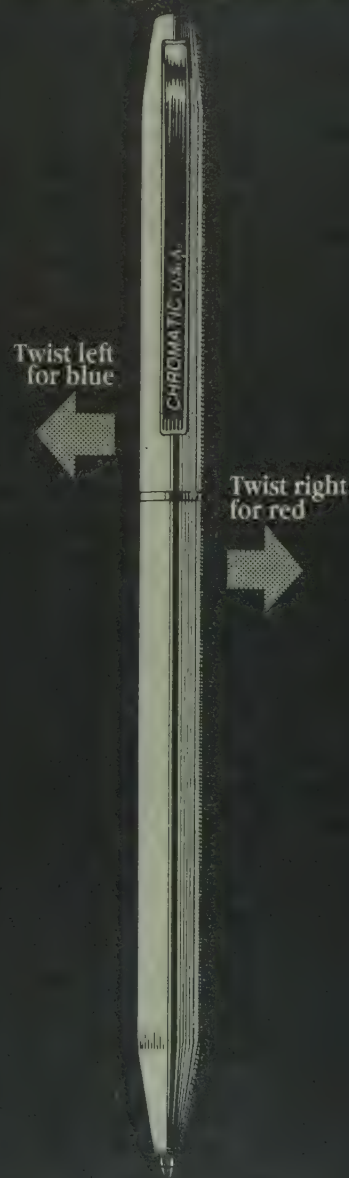
Lack of manpower

But can software exports show a quantum jump if the domestic market is lagging? Mehta feels the climate has to change. "People don't understand what software is," he says, adding that other problems facing is lack of manpower. He also points out that there is very little information available on the spread and nature of the domestic software market. Nasscom, as part of services being provided to its members, is planning a database on the Indian software industry.

Meanwhile, as a major step towards battling software viruses, Nasscom has recently distributed a set of 14 viral protection programs to its members. The vaccines are available for Rs.100 to non-members. The distribution of vaccines, announces the arrival of Nasscom.

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INDUSTRIAL ALCOHOL

States on the mat

The recent Supreme Court judgement disposing of a whole group of appeals relating to the case: the Synthetics and Chemicals Ltd vs The state of UP and others (states), clarifies the legality of states charging or levying a fee on industrial alcohol. The judgement strikes down the plethora of state legislations which impose a fee on the production of industrial alcohol, and raises interesting questions of constitutional import.

At the commencement of the Constitution, industrial alcohol was of marginal significance. States were invested with powers under Entry 8 of List 2 to legislate on the production, manufacture, processing, transport, purchase and sale of liquor. The Industries Act, 1951, however, reserved to the Central government the power to secure equitable distribution and availability of alcohol and other products of fermentation industries. It was on this basis that the Central government issued licences to industrialists for establishing alcohol-based industries.

Clear distinction

In the Act, a clear distinction is made in respect of those industries which are not concerned with potable alcohol for human consumption. The main product of this industrial alcohol is ethyl alcohol (rectified spirit) which is an industrial raw material. The continuing concern of the Centre for the health and vibrancy of alcohol-based industries was manifested in the Dr. Nagaraja Rao Committee Report way back in 1956. The report recommended uniform taxation policies and railway freight and larger capacities for molasses in order that industrial alcohol should be available at a reasonable price.

These recommendations were given the go-by through a series of state legislations which sought to impose a vend fee on the production of industrial alcohol. The levies, coupled with the persistent shortfall in molasses production, meant that while the ethyl price control order fixed the industrial alcohol price at Re.1.06 per litre, the actual market price varied between Rs.2.50 and Rs.3.50 per litre. It is not within the scope of this article to go into the questions of government sugar and molasses policy other than to say that the availability, at a low price, of these molasses would have gone a long way in mod-

erating the price of industrial alcohol.

The practical consequence of the Central government ignoring the manner in which state governments have so brazenly flouted the policy on industrial alcohol was commented upon by the then minister for chemicals and fertilisers, Veerendra Patil, in the mid-eighties. "While alcohol production has registered substantial increases over the past few years, the share of industrial alcohol, in the overall utilisation pattern has declined. For instance, in 1976-77, industrial alcohol accounted for more than 60 per cent of total production,

The large scale diversion of alcohol from the official sector to illicit users is often effected by the producer not declaring an increased yield above the expected 240 litres per tonne of molasses normally declared. Some state governments actually encourage this diversion

while in 1983-84, this came down to 46 per cent. On the other hand, utilisation for potable purposes went up from 38 per cent in 1976-77 to 54 per cent in 1983-84."

Large-scale diversion

The change in the utilisation pattern is a result of the large scale diversion of alcohol from the official sector to illicit users for the purpose of production of potable alcohol. This diversion is often effected by the producer not declaring an increased yield above the expected 240 litres per tonne of molasses normally declared. Some state governments actually encourage this diversion, Andhra Pradesh charges Re.1 per litre; the real money comes in when the alcohol is bottled and ready for sale.

In the present judgement, Mr. Justice Sabyasachi Mukharji, remarked on Article 47 of the Constitution which injuncts the state 'to endeavour' to bring about prohibition of the consumption, except for

medical purposes, of intoxicating drinks and drugs. This reference is well made as a corollary of this diversion has been the encouragement of the arrack industry.

The economic consequence of the levies has been to artificially stunt the growth of the alcohol industry. The point is that the levies are not really necessary. Says Ashok Kadakia, a former vice-president of the All India Alcohol-based Industries Development Association (AABIDA), "liberal allocation of alcohol to industry could bring (a state government) higher sales tax and allied income from alcohol-based products. The result would be that the state would get a larger revenue on a more assured basis."

The Supreme Court in this judgement was constrained to distinguish a line of cases from State of Bombay and another vs F.N. Balsara, in which the term intoxicating liquor was not confined to potable liquor but included all liquor which contained alcohol. The Court said that the state has the power to prohibit trades which are injurious to health, there being no absolute right to deal in liquor. However, this power does not extend to industrial alcohol or alcohol contained in medical or toilet preparation.

The states in turn, sought to urge that denatured alcohol can quite easily be transformed into potable alcohol as it involves no organic or fundamental change. They also argued that the vend fee the states were upholding was a preconstitutional imposition which would not be subject to Article 245 of the Constitution.

These arguments were rejected by Justice Mukharji who stated: It was submitted that the activity in potable liquor which was regarded safe and exclusive right of the state in the earlier judgements dealing with the potable liquor were sought to be justifiable (sic) under the police power of the state ie. the power to preserve public health, morals etc. The reasoning can never apply to industrial alcohol manufactured by industries which are to be developed in the public interest and which are being encouraged by the state." He further stated that the relevant state provisions were "unconstitutional insofar as they purport to levy a tax or charge imposts on industrial alcohol" and further that these measures are not incidental or merely disincentives to the production of alcohol but "attempts to raise revenue for state's purposes".



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Bindal Agro	May	29	123	324
Oswal Agro Fur	May	19	56	195
Apollo Tyres	May	21	88	319
Asian Hotels	May	23	50	117
Gammon India	Jun.	50	120	140
Burroughs Well	Aug.	75	225	200
Cable Corpor	Dec.	23	70	204
Vindhya Tele	Dec.	57	126	121
Kelvinator	Dec.	33	184	458
SKF Bearings	Dec.	1020	2850	179
Tata Steel	Dec.	510	1395	174
Telco	Dec.	350	795	127
Ferro Alloys	Dec.	106	1500	1315
Colgate	Mar.	166	343	107
Shree Synthe	Mar.	11	64	482
A.C.C.	Mar.	138	306	122
Indian Organ	Mar.	16	40	150
India Seemless	Mar.	47	145	209
Milk Food	Mar.	93	290	212
Gujarat Alkali	Mar.	30	67	123
Voltas	Mar.	239	695	191
All Seastons	Mar.	8	28	250
Indrol	Mar.	143	314	461
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HARIG INDIA

Cranking up better profits

Crankshafts represent a major diversification for Harig India, a closely held (40 shareholders) company making precision dies, jigs, fixtures, gauges and surface grinding tools. It has just received a ten-year memorandum of understanding from the USSR for the supply of 50,000 crankshafts a year for the Russian Moskvich cars.

Chairman Deshbir Singh, says this stroke of good fortune is thanks to perestroika. The Soviet attitude towards business deals has undergone a change for the better. It is no longer necessary to go through labyrinthine government channels, says Singh, one deals directly with professional people, who know exactly what they want and are empowered to take immediate decisions.

Deshbir Singh himself has seen professionalism at its best from close quarters, while he was studying and working in the US. Forty-nine-year-old Singh graduated from IIT Kharagpur in 1961, and then went to the Illinois Institute of Technology, before joining Harig Products Inc. in the US and working there for four-and-a-half years. On a visit to the Indian subsidiary Harig Mallik with his chairman, he decided to try his hand at turning around the ailing operation here and persuaded the principals not to write it off.

Singh took over as chairman of Harig Mallik, in 1967. Having rechristened it Harig India Ltd, Singh has also managed



Deshbir Singh: constantly upgrading technology

to multiply its turnover several times over from Rs.6.5 lakh to Rs.11 crore in 1988-89 (15 months, annualised: Rs.8.8 crore) on the same equity base of Rs.10 lakh. Today, the company has three units — in the industrial town of Ghaziabad and the New Okhla Industrial Development Authority (NOIDA) area, both in Uttar Pradesh and employs a total of 500 people.

All this has been no one-minute miracle. Word-of-mouth publicity has stood Harig in good stead. Indeed, that's what worked in securing the Russian order. "The manufacturer approached us directly because

his Indian representative had learnt about our technical facilities and know-how," says Singh. It was only after a team of technicians and senior personnel had inspected and assessed Harig's production facilities, were they confident of its ability to supply the needed quantity according to international quality standards and specifications and within their time schedule.

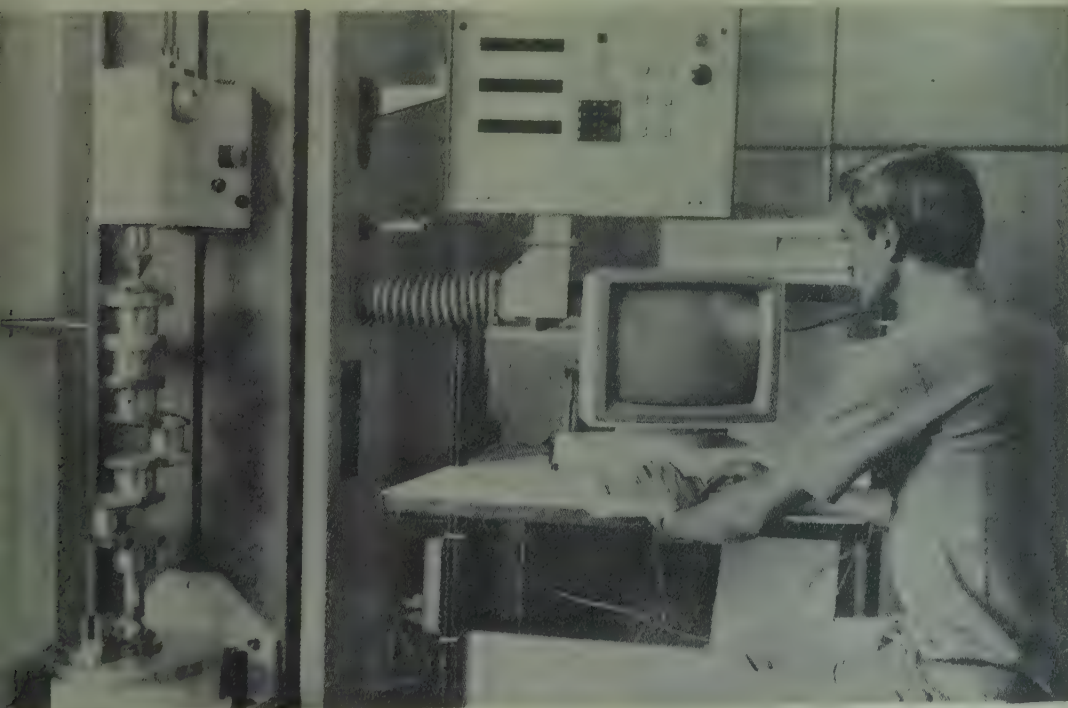
The crankshafts are being manufactured by a newly set up joint sector company, Harig Crankshafts Ltd, in collaboration with the Pradeshia Industrial & Investment Corporation of Uttar Pradesh (PICUP). As managing director, Singh is currently overseeing the first phase of commercial production which has begun at NOIDA with just 85 workers on the payroll. More significant is the technology employed — the first of its kind in India. It represents the country's first 6,000-tonne forging press using the closed die process. According to Deshbir Singh, this completely replaces the hammer forging method currently being used in the country, as it is far more cost-effective in terms of energy, manpower and material.

Pioneering company

Established in 1961, the parent company, Harig India became a deemed public limited company in 1982 by virtue of its turnover. And its turnover continued to rise — crossing Rs.2 crore in 1983, Rs.4 crore in 1985 and just falling short of Rs.7 crore in 1987. Profits, however, have been rather erratic: the profit before tax, which had shot up from Rs.7.01 lakh in 1980 to Rs.17.92 lakh in 1981, dipped to Rs.10.33 lakh and Rs.7.16 lakh in the following two years before bouncing back to Rs.29.55 lakh in 1985. It went down again to Rs.17.59 lakh in 1986 and then rose to Rs.33.64 lakh in 1987 and Rs.35.45 lakh in 1988-89 (annualised : Rs.28.32 lakh).

Sandeep Khurana, company secretary, Harig Crankshaft who was an associate of Singh in Harig India, explains the fall of profit before tax in 1982 and 1983 as the result of investments in developing hydraulic power lift system for Ford tractors. The fall in 1986, according to him was due to higher depreciation at Rs.52.95 lakh (Rs.27.47 lakh in 1985 and Rs.40.44 lakh in 1987).

In the past two decades, the company has diversified into tractor hydraulics and machine tools. According to Khurana, the parent company pioneered the development of hydraulic power lifts in India, and has a share of over 60 per cent of the mar-



Harig's quality control unit in NOIDA: helps to maintain high standards

ket for this equipment. Its major customers include HMT, Escorts, SKF, NBC Ball Bearings and Metal Box, besides defence organisations for which it manufactures portable generator sets and other special purpose machines.

Harig was also a pioneer in high-speed automatic bread slicing and wrapping machines — for which it won a silver shield for import substitution from the department of heavy industries. "We are the only people making this particular piece of equipment. Every large bakery in India uses our machine," says Singh, adding that the company is in the process of developing an even more efficient machine, which will be three times as fast.

Steady dividends

Singh is very proud of the company's performance. He points out that the company has paid steadily higher dividends over the last ten years — from eight per cent in 1980 to 30 per cent in 1988-89 (annualised: 24 per cent, against 20 per cent in 1987). Reserves have also risen from Rs.36.77 lakh to Rs.1.75 crore, more than 17 times the total equity. "And we brought in no additional finance, though we very successfully serviced three long-term loans from PICUP," says Singh.

One contributory factor he cites for this success is that those at the helm are a group of fairly young (average age 40-45) professionals who grew up together in the Harig family. Reorganisation resulting in significant cost reduction, selection of an appropriate product mix and introduction of new products like tractor hydraulics — which, as Khurana adds, account for a significant part of the turnover — also contributed to the turn-round. The entire strategy, Singh says, was to change the small company into a big one.

With the machine tools potential being restricted because of HMT's dominance — growth had of necessity to be in other areas which could use existing strengths and equipment. Tractor hydraulics provided the answer. "I have also had very good luck — but as Henry Ford said, the harder I worked the luckier I got!"

The company continues to get technical guidance and know-how from Harig Products Inc, but also has a separate research and development division, which is working on specialised hydraulic pumps for agriculture. It has also introduced a series of electronic microprocessor controlled grinding machines.

The winning of the crankshaft manufacturing licence is quite an achievement — it

was in the face of competition from big-league aspirants like the Modi, Podar and Raunaq Singh groups. "This is because Harig has been maintaining its standards over the years, and is the only supplier of crankshafts for Ford Motors," says Singh. The letter of intent originally granted to PICUP, was converted into an industrial licence in 1985. The new company, which has the PICUP managing director P.L. Punia as chairman, already has firm orders in hand from tractor manufacturers like Kirloskar, Gujarat Tractors and Eicher Tractors for original equipment (OE) supplies.

Crankshafts, the most sophisticated — and expensive — part of cars, tractors, trucks, two-wheelers and generating sets, also have a very large replacement market. One major advantage is that their very size gives virtually no scope for spurious goods, unlike parts like spark plugs and bearings, the same applies to smuggling, Singh says. "Just imagine bringing in something so big and heavy without being detected!"

Constantly upgrading

Harig has to face its share of competition. Usha Telehoist supplies tractor hydraulics for HMT; Bharat Forge and Dynamic Forging make crankshafts too. But all of them use old technology, while Harig as Singh claims, has the latest. Another major advantage that Harig Crankshafts en-

joys is high quality, Singh claims — its computer-controlled laser interferometer testing facility, the only one of its kind in Asia outside Japan, ensures "100 per cent quality control".

Another Japanese method Harig has adopted is process controls, to ensure quality checks at every stage in the manufacture. Explains N. P. Singh, engineering manager at Harig Crankshafts, "There is a process sheet, comprising a sketch and exact specifications together with machining time estimates, for every single operation in the process. This is approved and signed by the client; only then is the pricing done and work begun." "And we are constantly upgrading our technology," says Deshbir Singh. "For example, we are planning to bring in new match-grinding equipment from Switzerland within the next six months."

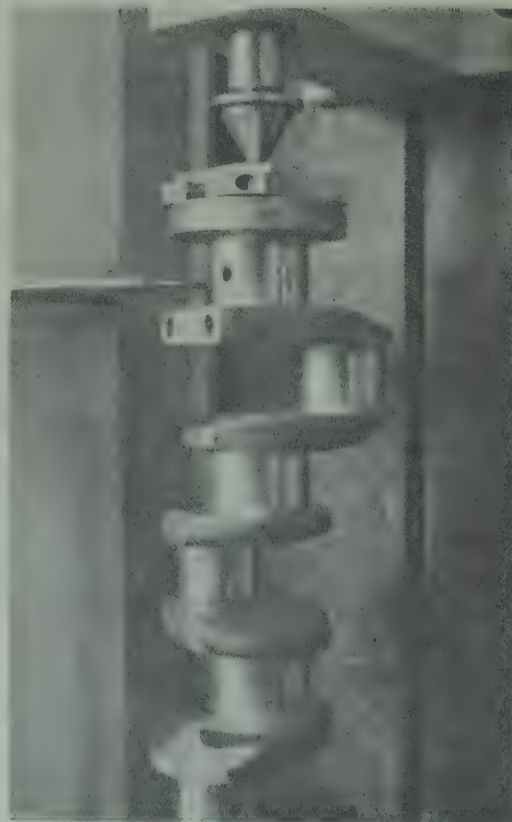
Ambitious targets

While Deshbir Singh may boast that Harig has no real competition, there is one competitor, at least, who disclaims any knowledge of Harig India. Lalit Lal, chief executive of Usha Telehoist says, "Tractor hydraulics is a vast area. I don't know what Harig supplies. We do make lifts and pumps for HMT and Escorts, but this company is not our competitor there."

Endorsements of Harig's claims are found in a letter from M.H. Varma, deputy general manager — materials, in Mahindra & Mahindra's automotive division. Words of appreciation for the "excellent facilities", come forth also from Mahendra Kumar, manufacturing manager in Hindustan Motors' passenger car division, who looks after the Contessa cars.

And the future? Deshbir Singh exudes quiet confidence. The USSR order, he points out, will take care of almost 80 per cent of the initial installed capacity of 60,000 crankshafts a year. "And we have received good response from the US and West German markets, which should take care of our total licensed capacity of 80,000."

In this the first year of its operation, Harig is aiming for a production figure of 18,000 crankshafts worth Rs.7.5 crore and a net profit of "around Rs.13 lakh". In the second year these estimates should double to reach "on a very conservative basis", Rs.29 crore by 1992-93. "We may even have to change our strategy and add a second line of production earlier than planned!" enthuses Deshbir Singh.



The Harig Crankshaft: a major diversification



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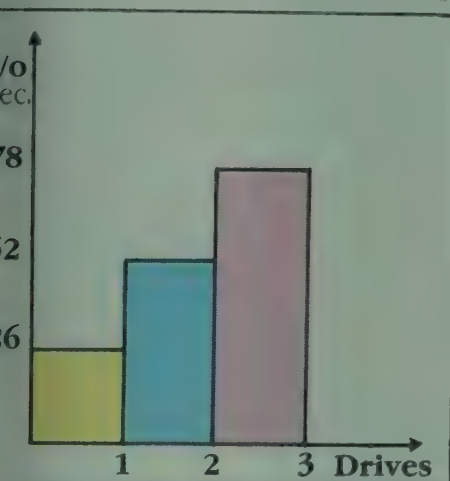
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Leading the £2,059 million turnover company is 51-year-old Ernest Mario, who was appointed chief executive officer (CEO) of Glaxo Holdings plc in May 1989. Before his recent elevation to CEO, Mario was head of Glaxo Inc, the US subsidiary of Glaxo Holdings. He had left the board of Squibb Corporation to join Glaxo's US division in 1986, as president and chief operating officer. Two years later, in April 1988, he was elected to the board of Glaxo Holdings.

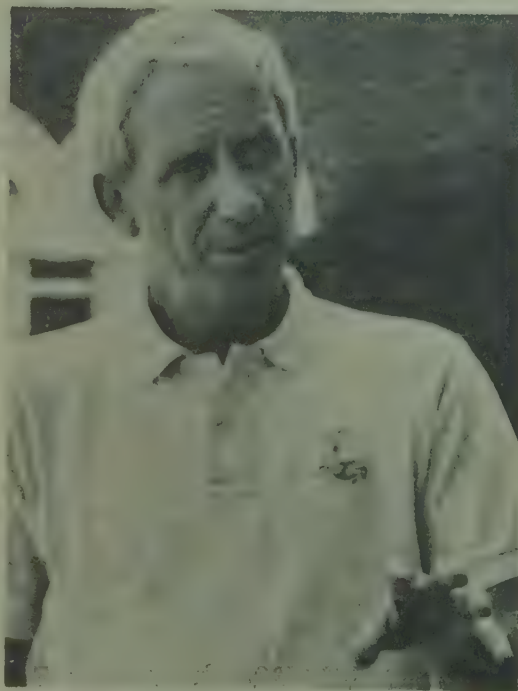
Mario was recently in Bombay to attend the group's board of directors meeting, held for the first time in India, and hosted by Glaxo India. Incidentally, this was only the third time that Glaxo Holdings' board meeting has been held outside the UK.

Glaxo India has come a long way since 1924, when it entered India as H.J. Foster & Co. It then sold infant food imported from Joseph Nathan & Co of the UK. A few years down the road, it had set up its own factories, long before the Indian government insisted upon it for organised industry. Today, Glaxo India is the number one pharmaceutical company in the country, and sixth in terms of the group companies' sales — no mean achievement when ahead are Glaxo companies in the US, Italy, UK, Japan and West Germany.

Truly international

As the casually-attired Mario said after a game of golf — he has a handicap of 20 — "We stopped being a British company several years ago. Now we are truly international." Born in the US, the son of a janitor, Mario does not belong to the 'old boys network', a culture that Glaxo was associated with in the past. "Today Glaxo is entirely professionally managed; no longer run by 'stuffed shirts'," he says.

The credit for such a turnaround in Glaxo's philosophy is unanimously attributed to Sir Paul Girolami, Glaxo's chief executive from 1980 to 1986 and chairman since 1985. Till the mid-seventies, Glaxo was into everything — from manufacturing furniture to selling infant formula.



Mario: not in the old boys' network

Known for its scientific discoveries, it was often derided as "Glaxo University".

The discovery of ranitidine, an anti-ulcerant formulation, in the late seventies, changed all that. Sure that he was on to a good thing, and to sharpen the company's marketing, Girolami attacked the US market with ranitidine, under the brand name, Zantac. He entered into a marketing arrangement with Hoffman-La Roche, a Swiss pharmaceutical house with a large US sales force, to market Zantac.

The sales pitch was that Zantac had no adverse side effects like swollen breasts, impotence in men and mental confusion. And in five years Tagamet, the ulcer drug being sold in the US by Smith Kline, was ousted from its home ground. Today, Zantac commands 53 per cent of the market for prescription ulcer remedies in the US, against 29 per cent for Tagamet, and contributes 48 per cent of Glaxo's turnover. And the multinational itself, which had no representation across the Atlantic ten years ago, today makes 41 per cent of its worldwide sales in Canada, US and the Latin American countries.

Double turnover

Sales of Glaxo products in 1988 increased by a whopping 37 per cent over the previous year, outperforming all pharmaceutical companies in the US top ten and rising to fifth position in the country. Turnover has doubled during the last five years, from £915 million in 1984 to £2,059 million in 1988, while profit after tax has trebled during the same period.

Successes notwithstanding, Glaxo and

Mario have their work cut out for them. With changes in the wind, prescription drug manufacturers are not only feeling the pressures of an expanding global market, but also of increasing R&D expenses, government-enforced price controls to curb rising health care costs, and regulatory standards that vary from country to country. And with the patent on ranitidine expiring in 1995, will Glaxo's success continue?

Mario has no doubt that it will. He lets on that several new formulations that may "break new grounds" in prescription medicine are in the pipeline. Two of the most promising compounds, Sumatriptan for relief from migraine and Salmeterol, a 12-hour asthma relief medication are likely to hit the market before 1992. "There is also Ondansetron, now awaiting FDA approval, for use in preventing the painful side-effects of radiation and chemotherapy for cancer victims." In the next decade, Glaxo intends to launch between eight to ten major compounds.

Backed with a very successful record of the 5,000 strong R&D division, the CEO's claims do not sound tall. "We're spending over £400 million in our research and now the costs will start paying off. As of 4 September this year, we've also endowed a new professorship at Cambridge University with a capital sum and grants totalling £1.1 million to find new and more effective means of control and treatment of third world parasitic diseases," he says.

Cultural perestroika

This, over the years, should open up a whole new market for Glaxo. And in Mario's view, the way to meet this growth, is through a 'cultural perestroika' at Glaxo. "We're thinking globally now. There are four Brits, two US-citizens, two Italians, besides one US non-executive director on our board," he elaborates. That both the chairman and the chief executive of one of the most conservative companies are from outside the UK is, in itself, indicative of the change in culture at Glaxo.

And as with the international company, which has a 40 per cent stake in Glaxo India, the latter too has gone from strength to strength. Though the latest Drug Price Control Order (DPCO) had set it back a bit, the subsequent relaxation that reduced the number of drugs falling under price control from 370 to 166, has helped the company attain a growth rate of 18 per cent over the last year.

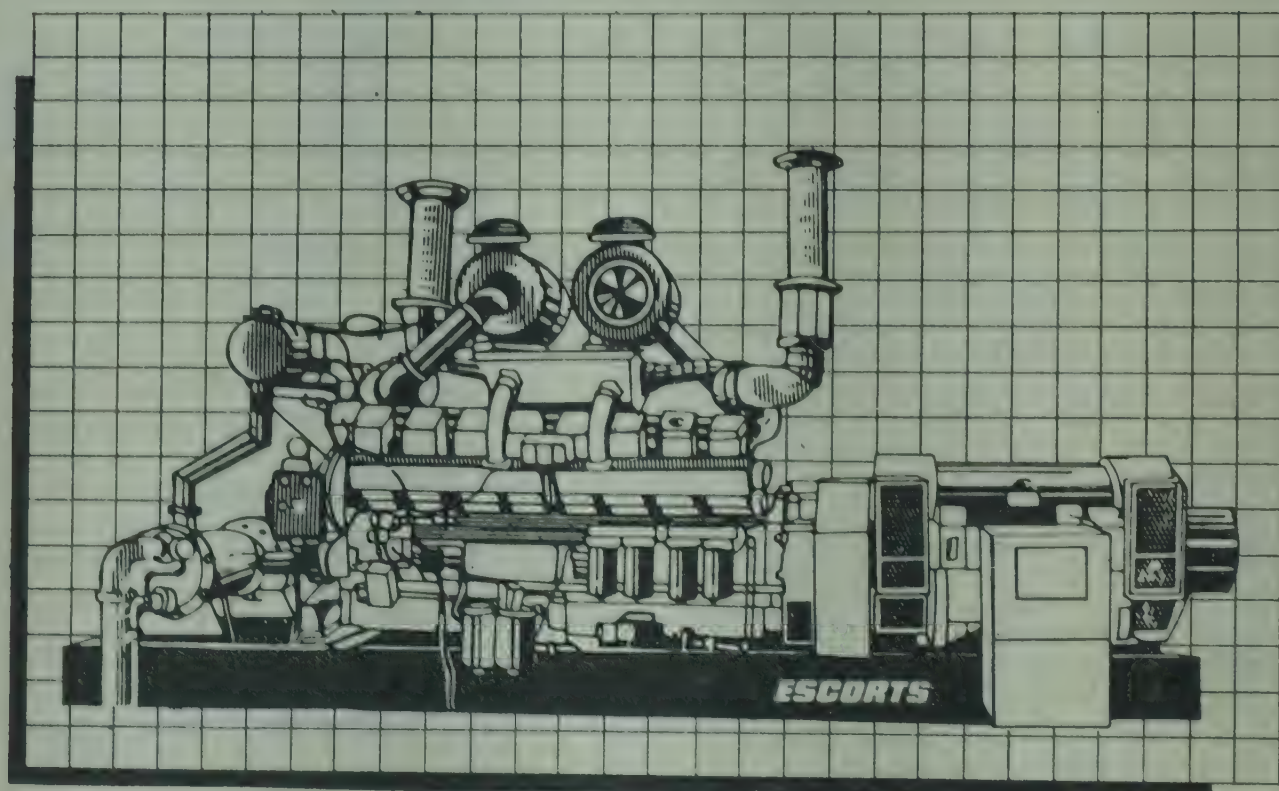
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FALLING POUND

No worry for the rupee

The flurry in the international money market after Britain's Chancellor of the Exchequer Nigel Lawson resigned from office has as yet not completely subsided. Lawson had to bow to prime minister Margaret Thatcher's stubborn attitude towards joining the European Monetary System (EMS). But there was also another bone of contention between Lawson and Thatcher. The chancellor's plan to place the Bank of England beyond the reach of the Treasury left the prime minister unimpressed. His idea was that an independent Bank of England, like the German Bundesbank or the US Federal Reserve Bank would better be able to check inflation by a controlled flow of money.

Lawson was naturally worried by the fall of the pound sterling in the international market. At home, the storm signals could no longer be ignored. The inflation rate had soared to 8 per cent, compared to Germany's 2.5 per cent. The interest rates stood at 15 per cent, and worse still the current balance of payments deficit was climbing over the £ 20 billion mark. Political pundits in London pointed out that if the Thatcher government did not act promptly and invest its energies in implementing Lawson's plan, there were good chances that the Tories would sit on the opposition benches after the next elections.

Effect on India

However, the free monetary market's ups and downs, and the fits and fancies of hot money chasing speculative gains back and forth across the Atlantic, leaves the Indian financial world to a great extent unperturbed. Says Hongkong Bank's forex manager, R. Bhargava, "Undoubtedly at present there is an element of uncertainty. We don't know as yet how the Reserve Bank of India (RBI) is going to utilise sterling's movements to advantage as we have to wait and watch until the exchange rates between the US dollar and the British pound quieten down."

It is the Reserve Bank's intricate exchange-rate mechanism which keeps the rupee "safe" from the erratic behaviour of the floating currencies. According to Citibank's first dealer, Shekar Sathe, this mechanism protects importers and exporters and, furthermore, the RBI sees it that the rupee will not behave wildly. "To determine the value of the rupee, the

RBI fixes a daily exchange-rate against the pound sterling. The parity between both the currencies is worked out by the Reserve Bank every morning. Bhargava explains, that as sterling is influenced by the dollar, the RBI, by using the pound is able to utilise the fluctuation between the British and American currencies to set the rate for the day of the Indian rupee.

Since the rupee delinked itself from the British pound, the term "intervention currency" is no longer applicable. Bhargava

Says Barclay Bank's consultant Raman Sidhu, "There are three main reasons for connecting the rupee to the pound. First, apart from historical considerations, is the fact that the pound has on the whole remained very stable. Secondly, the dollar and the pound are still the big international currencies. Thirdly, sterling's movements are to a large extent connected with the behaviour of the dollar"

states that the pound is an intervention currency in the sense that it is used to determine the value of the rupee. Sathe agrees, "You really cannot use the term intervention. Support is the better word, because this system puts a brake on fluctuations."

Says Barclay Bank's consultant Raman Sidhu, "There are three main reasons for connecting the rupee to the pound. First, apart from historical considerations, is the fact that the pound has on the whole remained very stable. Secondly, the dollar and the pound are still the big international currencies. Thirdly, sterling's movements are to a large extent connected with the behaviour of the dollar."

As sterling is influenced by the Dollar, the RBI is, by using the pound, in a position to utilise the fluctuations between both

those currencies to its own advantage. "It simply means that the Reserve Bank judges the fluctuations between the dollar and the pound and then sets the exchange-rate for the day," states Bhargava.

Catalysing factor

The question arises. If, as Sidhu says, "nearly 80 per cent of India's trade is conducted solely in dollars," where lies the advantage for the Indian entrepreneur to have an exchange-rate fixed on the pound? Bhargava explains that the sterling being linked to other free currencies, such as the dollar, the deutsche mark, yen, etc, acts as a catalyst and hence permits the RBI to set the rupee exchange rate against it. "Accordingly, the re-or devaluation of the rupee is dependent on the state of sterling on each particular day.

Says Sathe, "Earlier we had one sterling-rupee parity for the whole day. Now the parity is changed more often during the day, so that the RBI can make adjustments of the exchange-rate to a greater degree of accuracy."

According to Sathe, there are obvious grounds for this line of action. The balance of payments deficit — more imports than exports — pushes the rupee downwards. "But the depreciation of the rupee is managed in such a manner by the RBI that devaluation takes place gradually." Furthermore, the RBI's strict directives make speculation in foreign exchange impossible.

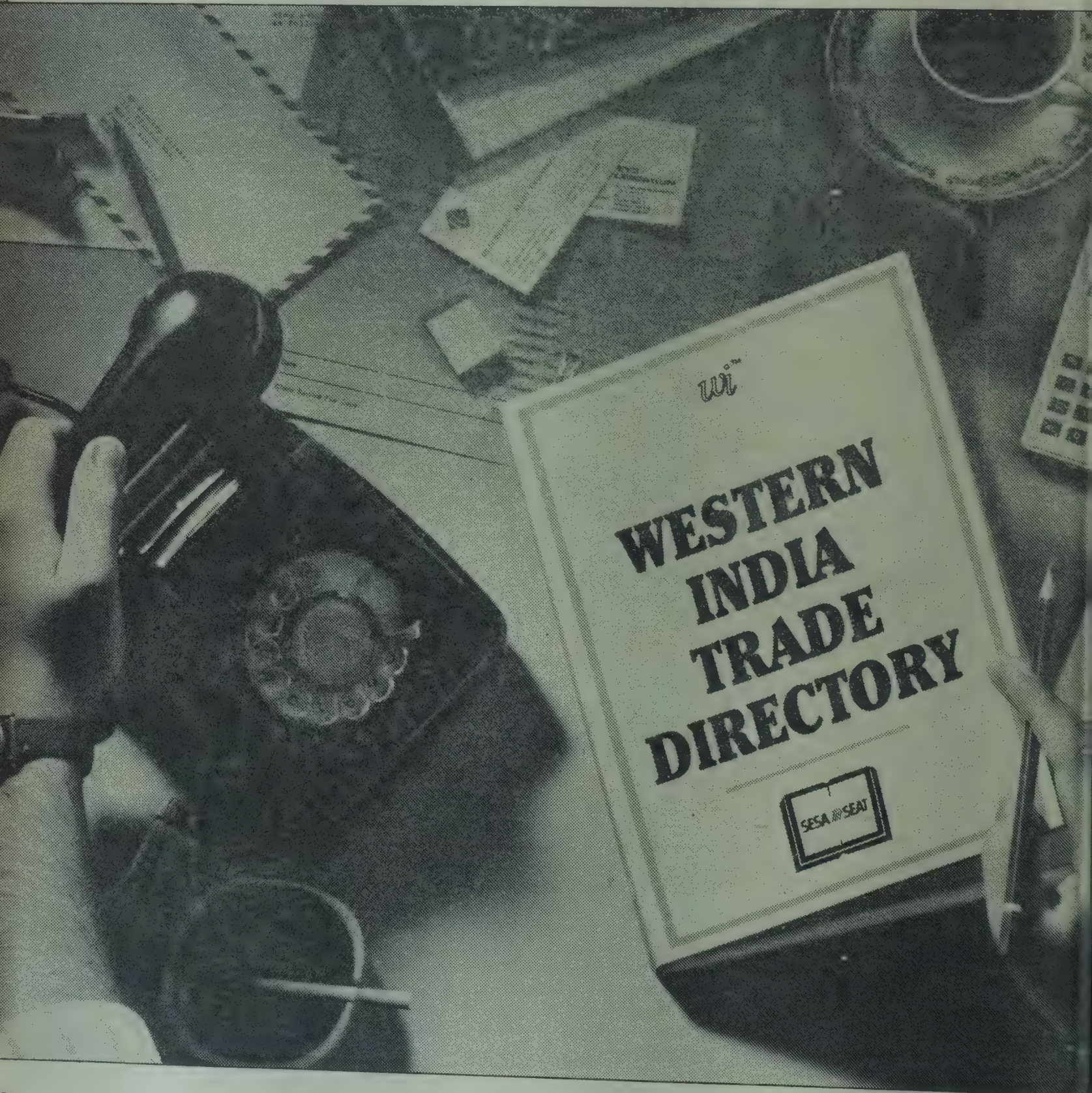
Toward the nineties

At the moment India is looking towards the nineties as Europe takes its final steps to a single market. Despite the British prime minister's present stalling, the pound sterling will, according to Sathe, eventually have to join the European Monetary System. If the European Single Market and later the European Union are to succeed, then a common currency is unavoidable. At this stage, will India link its exchange-rate to the Euro-dollar? Raman Sidhu expects that "we'll move over to the US dollar. That's my probable guess. But only temporarily." Beyond this he did not want to speculate.

What happens in the event there is a change of government in India? Sidhu does not visualise any change in economic or monetary policy. "Our history in the post-Independence era has shown us that successive governments are not prone to radical changes."

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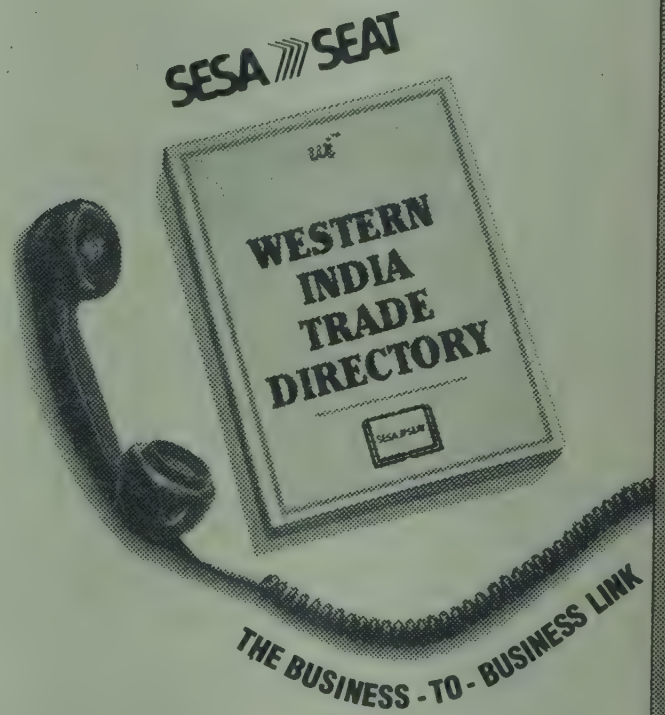
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Tata Chemicals

Golden jubilee year; implementation of new projection; better realisation; income from other sources higher

In its golden jubilee year of operations Tata Chemicals has achieved the highest ever production, sales and profit. Currently ranked within the top 10 private sector companies in terms of market capitalisation, the company has obliged its shareholders by proposing a handsome bonus issue in the ratio of 1:2 besides stepping up the dividend by a token one per cent to 31 per cent. Further, with the amalgamation of Tata Fertilisers the company is all set to go ahead with the implementation of its Rs.765 crore fertiliser plant at Babrala, U.P.

Meanwhile, the company's soda ash plant achieved a capacity utilisation of over 125 per cent. Despite the glut situation prevailing in the market sales were stepped upto 6.02 lakh tonnes from 5.49 lakh tonnes in 1988. A higher volume of sales as also a better unit value realisation of Rs.3,510 (Rs.3,196) per tonne helped this division to contribute a record amount of Rs.211.33 crore which compares favourably with Rs.175.49 crore earned in 1987-88. The contribution of vacuum evaporated salt was also substantially higher at Rs.14.82 crore from Rs.8.96 crore. The growth in income from these two products largely contributed to the

Tata Chemicals (Rs crore)			
Year ending	31 Mar 1989	31 Mar 1988	% change
Sales	256.83	206.46	24
Other income	34.89	23.94	46
Excise	30.13	26.25	15
Raw materials cost	69.27	68.04	-2
Employees' cost	17.72	16.48	8
Interest	35.57	35.37	—
Other expenses	71.24	32.61	118
Gross profit	67.79	51.65	31
Depreciation	17.50	16.45	6
Taxation	14.50	8.00	81
Net profit	35.79	27.20	32
Dividend (%)	31	30	
Share capital	44.92	37.71	
Reserves	210.93	150.35	
Borrowings	258.50	235.16	
Net block	164.34	153.60	
Market price (Rs)			
Current	120.00 CB		
1989 High	130.00		
Low	98.00		

overall rise of 24 per cent in the turnover.

A judicious deployment of surplus funds in shares and debentures of various units including public sector units resulted in the interest earnings going up markedly to Rs.15.22 crore from Rs.8.26 crore. Consequently, income from other sources shot up to Rs.34.89 crore. This is nearly 13.6 per cent of the total sales.

A tight control material costs and overheads has improved the profitability. The profit margins as measured by the gross profit in relation to net sales works out to 23.2 per cent, up from 22.4 per cent. At the net level the margin is 7.2 per cent. This is largely on account of the higher provision for taxation.

The average earning per share works out higher at Rs.7.97 against Rs.7.21, despite the rise in the share capital following the conversion of the debentures issued in the previous year. The average earnings is likely to dip in the near future as the capital base after the issue of bonus and conversion of the debentures, will more than double to nearly Rs.110 crore. The relatively long gestation period for setting up the fertiliser unit apparently have an impact on the profit in the near future.

The shares of this blue chip company has remained rather subdued even after the announcement of bonus and the convertible rights issue. Currently available at Rs.118 the price discounts the earnings by nearly 14.8 times. However, its status as a Tata scrip with good growth potential in the long run has refrained investors from effecting mass sales.

Oriental Hotels

Margins improved considerably; tax liability brought down further; interest charges reduced; renovations at various hotels in progress; plans to run restaurant and snack bar at Madras airport

Oriental Hotels, jointly promoted by the Reddy group of the south and Indian Hotels (a Tata company which operates Taj group of hotels), runs a chain of hotels in the south. For the nine-month period ended 31 March 1989 growth has been maintained in terms of revenue and profitability.

During the period, operational income was up by 21.4 per cent on annualised basis to Rs.12.31 crore (Rs.13.52 crore). However, other income declined by 25 per cent owing to lower operating receipts. Managing its funds well has resulted in re-

duction in interest charges by 3 per cent interest as a percentage of total revenue was brought down to 3.4 per cent (4.2 per cent). Depreciation was higher by 35.6 per cent to additions to the gross block.

The ratio of tax to pre-tax profits came down further to 9.7 per cent (22.6 per cent). The company pays less than the minimum as tax as export profits do not attract any tax. As a result, net profit has shot up by 80 per cent on annualised basis. The EPS on increased capital has gone up to Rs.9.1 (Rs.7.1). During the period, the company had issued its maiden bonus in the ratio of 2:5. Dividend on annualised basis and on pre-bonus capital works out to 37.2 per cent (25 per cent), an increase of about 50 per cent over the previous year.

The additional sixty three rooms constructed at Malabar Hotel, Cochin, were utilised for business purposes from September 1988. The company is also renovating Sea Pearl Hotel (at Visakhapatnam) and Taj Coromandel (at Madras). As part of its diversification plans, the company has entered into an agreement with the International Airport Authority, for running the restaurant and snack bars at Madras airport. This should improve profitability in the coming years.

During the period, the company has added Rs.1.67 crore to its gross block while borrowings were reduced by Rs.28 lakh

Oriental Hotels (Rs crore)			
Year ending	31 Mar 89*	30 Jun 88	% change**
Room, restaurant and other receipts	12.31	13.52	21
Other income	0.26	0.46	-24
Power, fuel & light	0.88	1.20	2
Stores & supplies	0.61	0.75	8
Food & beverage consumers	2.26	2.57	17
Employees' cost	2.44	2.91	12
Other expenses	3.82	4.05	26
Interest	0.43	0.59	-3
Tax	0.15	0.30	-33
Net profit	1.39	1.03	80
Equity capital	2.03	1.45	
Reserves & surplus	3.73	3.34	
Borrowings	3.91	4.20	
Gross block	14.57	12.90	
Net current assets	1.08	0.69	
Dividend (%)	20	25	
Market price (Rs)			
Current	90.00		
1989 High	102.00		
Low	59.00		
* nine months		** annualised basis	

The company continues to operate with negative working capital. Profitability margins have improved considerably during the period, as also operating margins which have improved to 20.3 per cent (15.7 per cent), gross margins to 16.9 per cent (11.5 per cent) and net margins to 11.1 per cent (7.4 per cent). Compared to this, Indian Hotels, has for the year ended 31 March 1989, higher operating margins of 23.6 per cent but due to higher interest and depreciation charges, gross margins and net margins are lower at 14.5 and 8 per cent respectively.

Unlike Indian Hotels (which finances its long term fund requirements by issuing partly convertible debentures), Oriental Hotels proposes to issue equity shares at a premium of Rs.15 per share to finance its long term fund requirements. With the support of Indian Hotels, the company is expected to maintain a steady growth record.

Punjab Chemicals

Bumper profits due to higher volume and better sales realisation; plans 100 per cent EOUs to fully exploit overseas market; dividend substantially higher; two rights issues expands the equity base

Punjab Chemicals has posted excellent re-

Punjab Chemicals		(Rs crore)	
Period ending	31 Mar 89*	30 Sep 89	% change**
Net sales	14.03	4.25	110
Other income	0.21	0.05	180
Excise duty	1.76	0.58	102
Raw materials consumed	4.44	1.64	80
Employees' cost	1.03	0.41	67
Other expenses	4.06	1.14	137
Interest	0.44	0.41	-28
Depreciation	0.73	0.40	22
Tax	0.45	0.03	900
Net profit	2.58	0.17	912
Equity capital	0.98	0.75	
Reserves and surplus	2.34	0.41	
Borrowings	4.24	2.08	
Gross block	8.55	4.51	
Net current assets	1.85	0.82	
Dividend (%)	75	10	
Market price (Rs)			
Current	238.00		
1989: High	500.00		
Low	155.00		
* 18 months	** annualised basis		

sults for the eighteen months period ended 31 March 1989. The EPS on annualised basis works out to Rs.18.2 (Rs.2.1) and dividend to 50 per cent (10 per cent). The improved working was brought about by a higher sales volume while an improvement in quality resulted in a higher sales realisation and an eleven-fold increase in exports.

Net sales, during the period, more than doubled. The company is engaged in the manufacture of di-ethyl oxalate (DEO) and oxalic acid. Sales volume of DEO and oxalic acid on an annualised basis was up by 85 and 105 per cent respectively. With a good local and overseas market for both the products, sales realisation per tonne improved by 10 per cent for DEO and 40 per cent for oxalic acid. Production of DEO was higher by 87 per cent to 3,753 tonnes (1,340 tonnes) and of oxalic acid by 111 per cent to 6,552 tonnes (2,072 tonnes). During the period, the capacity of oxalic acid was raised to 7,500 tpa (3,000 tpa) and of DEO to 3,500 tpa (1,200 tpa).

The export demand for oxalic acid shot up due to the closure of some oxalic acid plants in the west. The company's exports of Rs.1.81 crore during the period was about 20 times higher than the previous year, the target for exports are Rs.5 crore. To fully exploit the market, the company is setting up a 100 per cent EOU at an estimated cost of Rs.30 crore to manufacture 15,000 tpa of oxalic acid and 4,500 tpa of DEO. The project is likely to be commissioned by the end of 1990.

Margins have improved considerably during the period. Operating margins were higher at 27.5 per cent (20.9 per cent) and gross margins almost doubled to 24.6 per cent (12.5 per cent) due to lower interest charges. Net margins shot up to 16.9 per cent (3.5 per cent). The company has a very low equity base of Rs.98 lakh. During the period, it has issued a rights share in the ratio 1:4 at par. A few months after the close of the year, the company made another rights issue at a premium of Rs.30 each in the ratio of 1:1. This was to further finance the capacity expansion of oxalic acid to 10,000 tpa and DEO capacity to 4,500 tpa.

During the period, the company has added Rs.4 crore to its gross block and net current assets were up by Rs.1.02 crore. The company is adopting measures to reduce raw material and other input costs. It plans to use cheaper sugarcane (in place of costlier sugar) to manufacture oxalic acid. The necessary R&D work has been

successfully carried out. The proposed expansion, the setting up of 100 per cent EOUs and plans to cut input costs ought to result in bumper profits in the coming years. This improved working has brought about a capital appreciation of over ten times in about two years with the scrip firm at Rs.235 ex-rights.

Mather and Platt

Dividend increased on enhanced capital; margins improve; costs under control; foray into TV tubes planned

The company's sales have stagnated during this nine-month period. Yet, the net profit was 19 per cent higher at Rs.3.29 crore annualised (Rs.3.69 crore). This allowed a higher dividend on the enhanced capital (annualised, on old capital) which is 34 per cent (25 per cent).

This has been possible owing to the strict cost controls adhered to during the year. This tool has also been effectively used, to counter competitive conditions in the market place, especially in fire fighting systems, which still constitutes 45 to 50 per cent of its sales value. Thus the company has not been able to reduce its dependence completely on fire protection installation, spares, accessories and components which still is the second largest contributor to its kitty.

But, it is hoped, that in the coming years, the food processing and the textile divisions will increase their contribution.

Mather and Platt		(Rs cr)	
Period ending	31 Mar 89*	30 June 88	% change**
Sales	35.63	46.23	2
Other income	0.86	0.69	66
Raw materials cost	16.81	22.25	1
Power, oil, fuel	5.80	7.13	8
Other expenses	7.09	9.76	- 3
Interest	0.63	0.57	47
Gross profit	5.96	7.21	10
Depreciation	0.72	0.87	10
Tax	1.95	2.65	- 2
Net profit	3.29	3.69	19
Equity capital	10.24	6.40	
Reserves & surplus	8.14	10.32	
Dividend (%)	16.00	25.00	
Market price (Rs)			
Current:	55.00		
1989: High	66.00		
Low	37.00		
* 9 months	** annualised basis		



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To increase its competitive edge, the company has entered into a foreign collaboration for a new type of stenter, having good potential for export market. Taking advantage of the export potential in west African nations for its food processing machinery, the company is setting up a representative office in Nairobi. Its pumps division has developed and supplied several multi-stage mine drainage pumps to collieries in Dhanbad.

It must be mentioned that, of the Rs.90 lakh increase in fixed assets during the year, nearly Rs.50 lakh was spent in construction purposes, while Rs.10 lakh was incurred in improving plant and machinery used for erecting structures for mounting overhead cranes. Another Rs.11.5 lakh was spent on motor vehicles.

The company may set up new ventures with Gujarat Narmada Valley Fertiliser Company Ltd (GNFC) to make colour television tubes, TV colour shells and allied components, but the director's report shows no indication of any progress made in this regard. The company's total equity capital for this project is to be around Rs.20 crore.

India Rayon

Better margins; dividend maintained; exports more than doubled; expansions on

There has been a notable upsurge in the profits of Indian Rayon, the well diversified conglomerate of the Aditya Birla group, for the year ended March 1989.

This is largely due to better margins resulting from the expanded level of activities in most of the divisions which has more than offset the relatively poor performance of the cement division. At gross levels the profit margin has improved to 10.0 per cent up from 8.3 per cent in 1988 and 6.6 per cent realised in 1987.

At net levels the profit has nearly doubled despite provision of a higher depreciation charge. No provision for taxation has been made on the basis of a legal advice which maintained that there is no taxable profit for the year. In fact the company has written back the provision made in the previous year. However, the gratuity liability of Rs.5.43 crore, accounted for on a cash basis has not been provided for.

The increased earnings has however been dissipated over a larger capital base expanded by the conversion of the second part of the debentures issued in

1987. Consequently, the average earnings per share has gone up to only Rs.3.81 from Rs.3.01. The cash earnings per share, in contrast is better at Rs.12.10 against Rs.9.72. Dividend maintained at 28 per cent for the third year in succession absorbs Rs.7.24 crore (Rs.3.99 crore) involving an outgo of 73.7 per cent of the net profit against 80 per cent in the previous year.

The improved working of the viscose filament rayon division was largely responsible for the spurt in the turnover and profit. Although the quantity sold was lower at 8,213 tonnes (8,538) the higher unit value realisation (Rs.87.28 per kg against Rs.69.17) boosted the overall contribution to Rs.71.68 crore from Rs.59.05 crore.

Contribution from other yarns was likewise better at Rs.71.62 crore against Rs.57.43 crore.

The carbon black plant which was commissioned in July 1988 operated at 80 per cent capacity contributing Rs.23.99 crore to the total turnover.

The static price realisations in the portland cement divisions have apparently lowered the overall profit of the company's other division. The company's export division has however doubled its total earnings to Rs.20.53 crore from Rs.9.81 crore.

In a bid to broaden its activities, the company is planning to set up a ceramic unit at Uttar Pradesh. The lightning arres-

sors and condensor bushings project is already in an advanced stage of completion and is expected to be commissioned by the end of this year. Meanwhile the company has sought permission to raise the carbon black capacity to 50,000 tonnes from the existing 20,000 tonnes. Incidentally, this is also the minimum economic size recommended by the government. The company is also going ahead with its 5.4 lakh tonnes capacity expansion at the cement plant. A separate unit for this purpose is being set up. Its polyester filament yarn project is however being set up through a different company, Rajashree Polyfil.

Despite the company's sterling performance, the shares are hovering around Rs.80. In fact the non-announcement of the much awaited bonus at the time of the announcement of the results led to a dip in the price from Rs.110 to the current level.

UPCOM Cables

Good performance; better margins; maiden dividend declared in two instalments; good growth potential

Several plants to manufacture jelly filled telephone cables have been commissioned and production has increased, yet most of the new units have reported good performances. Further, the pace of development is likely to accelerate with the increased allocation of Rs.2,700 crore for

Indian Rayon (Rs crore)			
Year ending	30 June 1989	30 June 1988	% change
Sales	309.74	214.84	44
Other income	9.62	7.84	23
Excise	38.01	27.92	36
Raw materials	107.25	66.52	61
Employees' cost	29.44	23.89	23
Interest	22.37	15.31	46
Other expenses	91.29	71.31	28
Gross profit	31.00	17.73	75
Depreciation	21.18	11.75	80
Taxation	Nil	1.00	—
Net profit	9.82	4.98	97
Equity capital	25.44	16.14	58
Reserves	190.82	160.90	19
Revaluation reserves	68.49	79.56	
Investments	31.84	27.40	
Net block	276.19	247.73	
Dividend (%)	28	28	
Market price (Rs)			
Current	86.50		
1989: High	106.00		
Low	75.00		

UPCOM Cables (Rs crore)			
Year ending	31 Mar 1989*	30 Dec 1987	% change**
Net sales	46.85	11.49	226
Other income	0.01	0.01	—
Excise duty	8.06	1.90	239
Raw material costs	22.91	4.84	279
Employees' cost	0.51	0.25	63
Other expenses	5.50	1.38	219
Interest	3.27	1.76	49
Gross profit	6.61	1.37	286
Depreciation	2.66	1.32	61
Taxation	0.62	0.01	—
Profit after tax	3.33	0.04	
Equity capital	5.92	5.91	
Reserves & surplus	2.34	0.04	
Gross block	21.85	20.07	
Dividend (%)	20	—	
Market price (Rs)			
Current	51.50		
1989: High	54.00		
Low	31.00		

* 15 months ** annualised

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For adding depth and purpose to its teaching/training, the Institute has a continuing programme of research and consulting. IMI has a distinguished full time faculty, who are assisted by visiting professionals from India and abroad, and its programmes have attracted participants from a number of countries in the developing world (eg, Afghanistan, Burma, Ethiopia, Ghana, Jordan, Kenya, Nepal, Sri Lanka, Vietnam and Zambia). The Institute campus is under construction in South Delhi and, in the interim, the programmes are conducted in rented premises in Kailash Colony in South Delhi.

NOTE: Institute's three-year part-time evening MBA will be announced shortly

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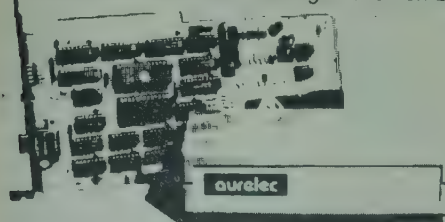
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this sector in the 1989-90 union budget. It is therefore not surprising to note UP-COM Cables' sterling performance in the first year of production itself.

At 46 per cent capacity utilisation (annualised) the company has not only been able to breakeven but has also managed to post a handsome gross profit of Rs.6.61 crore. The profit margin on the gross level is 14.1 per cent, while that on the net level is 7.1 per cent. The value added amount as a percentage of net sales is also quite high at 41 per cent. A noteworthy aspect is the average cash earning per share which, during the period works out to more than Rs.10 and on an annualised basis. This has ensured higher average earnings of Rs.4.50 per share.

The sustained and steady earnings during the period was enough reason to announce the dividend twice during the period. An interim of 12.5 per cent and a final of 7.5 per cent, making a total of 20 per cent maiden dividend was distributed in the first year of operation. Notwithstanding this liberal distribution, the dividend payout ratio is a meagre 35 per cent, and the company has built up a handsome reserve of Rs.2.34 crore.

To meet the changing demand patterns and with a view to improving the quality and the product mix the company has added plant and machinery during the period. All this is expected to reduce the overall cost of production.

The good growth potential for this company has induced discerning investors to accumulate shares of this company at every decline. Consequently the share price over the year has shot up by more than 100 per cent to the present level of Rs.50. This price discounts the earnings by 11 times.

TRENDS

Tisco

Tisco has reported encouraging results for the six-month period ended September 1989 with the turnover up by more than 17 per cent over the corresponding period last year.

Although the company produced 2,000 tonnes more saleable steel than the same period last year, the sales volume has dropped by 11,400 tonnes. Nevertheless the total sales has been higher mainly on account of better sales realisation. The average price realisation was better by around 9 per cent chiefly because of an improved product mix, and an increase in

the selling price of steel as announced by the JPC.

Gross margins have remained static mainly due to a rise in the raw material costs, particularly coke. The company's other income was higher by about Rs.60 crore, and this brought about higher net margins. But the increased interest outgo on account of the convertible debenture issue made during the year affected the bottom line only marginally.

Meanwhile the company's expansion of its chrome ore production from 2 lakh tpa to 3 lakh tpa already has the government's approval.

Tisco (Rs crore)			
Year ending	Apr-Sept 89	Apr-Sept 88	Apr 88-Mar 89
Turnover	941.52	804.09	1,861.71
Raw materials cost	180.55	136.02	315.69
Salaries & wages	182.00	141.05	310.82
Interest	47.38	33.04	67.49
Operating profit	137.50	115.94	274.03
Depreciation	59.20	44.00	93.69
Gross profit	78.30	71.94	180.34
Taxation	11.81	18.00	26.00
Net profit	66.49	53.94	154.34

Boehringer-Knoll

Boehringer-Knoll, engaged in the manufacture of bulk drugs and pharmaceutical formulations, is poised for further growth through expansion.

The company is the largest producer of chloramphenicol, a bulk drug, which is captively used for formulating paraxin range of products. During the last six months, the turnover has risen by 12 per cent as compared to the first six months of the previous year, but the increased financial charges due to the enhanced borrowings to meet working capital requirement has reduced the gross profit.

During the year, the chloramphenicol plant has achieved an average production rate of 5 tonnes per month and has overcome the problem of raw material shortage by installing necessary equipments for bulk storage.

Boehringer-Knoll is currently embarking on an expansion cum modernisation scheme at a cost of Rs.4 crore. With this, the company will be expanding its chloramphenicol production by 15 tonnes per annum to 75 tpa at a cost of Rs.1.5 crore.

In order to finance the scheme, the company has issued on rights basis partly convertible debentures of Rs.175 each in the

ratio of 23 debentures for every 100 shares held, which on conversion would increase the company's equity base by Rs.23 lakh from Rs.1 crore.

The modernisation programme which has been recently completed at the pharma specialities division has enabled the company to achieve optimum capacity utilisation through de-bottlenecking and improving production methods.

Boehringer-Knoll (Rs crore)			
Period ending	Apr-Sept 1989	May-Oct 1989	Apr 88-Mar 89
Net sales	16.42	14.63	28.42
Other income	0.33	0.36	0.88
Materials cost	8.10	7.42	14.38
Salary & wages	2.53	2.34	4.82
Interest	0.83	0.57	1.18
Gross profit	0.52	0.63	1.57
Depreciation	0.15	0.19	0.09
Taxation	0.06	0.13	0.50
Net profit	0.31	0.30	0.98
GP/NS (%)	3.16	4.30	5.52
RM/NS (%)	49.33	50.71	50.59

Rallis India

The profits of Rallis India has dipped further during the first half of the current year, notwithstanding the good performance of the agrochemical division, the major contributor to the company's total turnover. The profit margin at the gross level works out to a meagre 3.5 per cent compared to 5.2 per cent in the corresponding half of the previous year and 3.9 per cent in the 11-month period ended March 1989. At the net level, profit has declined by more than 40 per cent.

Rallis (Rs crore)			
Year ending	Apr-Sept 89	Mar-Oct 88	May 88-Mar 89 (11 months)
Sales & other income	181.56	164.92	299.14
Raw materials cost	134.83	119.92	213.69
Salaries & wages	12.44	11.12	21.65
Interest	5.44	3.70	6.99
Other expenses	22.48	21.61	45.28
Gross profit	6.37	8.57	11.53
Depreciation	1.80	1.49	2.69
Taxation	1.60	2.02	0.81
Net profit	2.97	5.06	8.03
RM/sales (%)	7.4	7.3	7.1
OP/sales (%)	3.5	5.2	3.9

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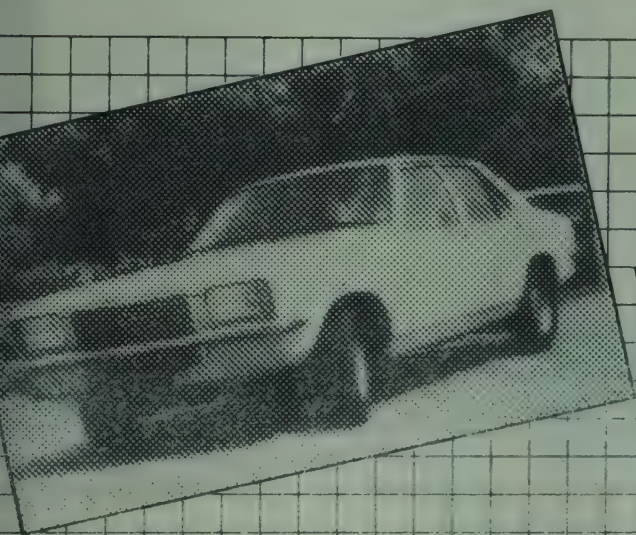
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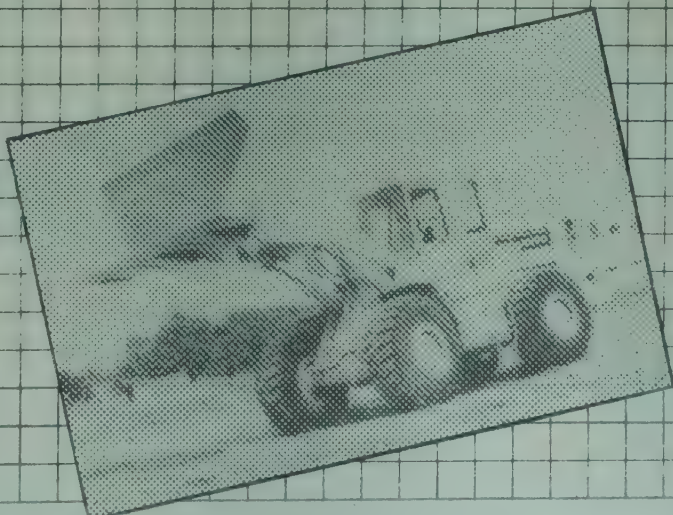
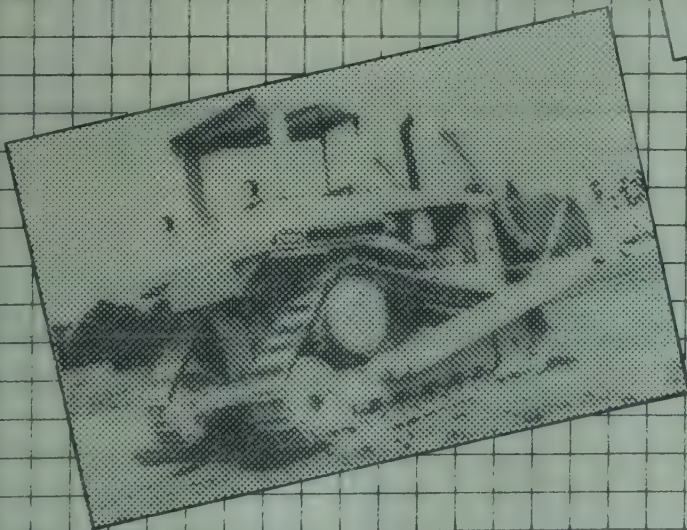
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REVISED PRE-QUALIFICATION CONDITIONS

LAND FOR 5-STAR AND 5-STAR DELUX HOTELS IN DELHI

DDA is planning to dispose of hotel sites in Delhi/New Delhi for construction, setting and running of 5-Star Hotels/5-Star Delux Hotels with all related facilities conforming to standards laid down by the Ministry of Tourism & Civil Aviation, Govt. of India.

Land will be made available by the DDA with defined terms of tendering/auction/collaboration.

For this purpose it is proposed to draw a select list of renowned professional Hotel Groups with specific background and experience and from parties having collaboration (a tie up) with reputed Indian/international hotel chains possessing adequate expertise in the setting up and running of 5-Star/5-Star Delux Hotels. The parties fulfilling any one or more of the following qualifications will be considered for enlistment:

- (1) The Indian 5-Star Hoteliers having atleast one well-known established 5-Star Hotel/5-Star Delux Hotel.
The condition of minimum annual turnover of Rs. 25 crores since deleted.
- (2) 5-Star Hoteliers who are foreign based should have at least 5 established 5-Star Hotels/5-Star Delux Hotels in different parts of the world.
- (3) Indian entrepreneurs who are having arrangement/collaboration with the Hoteliers satisfying conditions stipulated above in (1) or (2) or both.

- (4) Non-resident Indians who are willing to make investment in the country by arrangement/collaboration with the Hoteliers satisfying conditions stipulated above in (1) or (2) or both. They would be required to remit foreign exchange for financing the project as required/permissible under the Rules.

The applicants are required to give necessary data in support of their financial soundness, proven track record in any organised industry and trade, standing in the hotel industry, collaboration with the reputed world chains of the hotels and arrangement of financing the project including foreign exchange etc.

Pre-qualification Notice for Disposal of Hotel Sites

The selection will be made from the offers received in response to this advertisement and only those who are found eligible would be allowed to participate in the final tenders/auction/collaboration for disposal of the hotel sites.

DDA reserves its right to exclude any or all the applications without assigning any reasons whatsoever for the purpose of drawing up the select list of eligible hoteliers.

The Bio-data complete in all respects may be sent to the undersigned (by name) by or before **15th December, 1989** either personally or through registered post so as to reach by the due date.

(M.G. GUPTA)
FINANCE MEMBER,
DELHI DEVELOPMENT AUTHORITY,
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The extent of the decline can be seen from the fact that the profit earned in the period is barely one third of that earned in the previous accounting period on an annualised basis. The net profit in relation to net sales is just 1.6 per cent as against 3.1 per cent in the comparable period of the previous year. One reason for this is attributed particularly to the poor performance of the appliances department which makes fans and portable tools. The losses of this division appears more magnified following the absorption of its subsidiary, Rallis Machine during the previous accounting period.

Grasim Industries

Grasim has done exceedingly well in the current period. The re-opening of the Mavoor pulp division coupled with the growing demand for the viscose staple fibre has helped the company to increase the sales by nearly Rs.116 crore over the comparable half of the preceding year. If this trend continues the company may well cross the Rs.1,000 crore mark by the end of the current year. This will be nearly 100 per cent above the turnover achieved in 1986-87. What is more, with the introduction of speciality fabrics and a judicious product mix, the amount of value addition has been maintained at around 46 per cent.

The company's major diversification plans include the setting up of a sponge iron plant, a unit for glass picture tubes for T.V. and the expansion of its existing cement unit. The company's interest burden has been rising considerably. Despite this huge outgo the gross profit at Rs. 60.75 crore indicates a remarkable rise of over 33 per cent in comparison with the corresponding half, and, equals two third of the total profit earned in the previous year. A higher provision for taxation (effective

tax rate being 38.5 per cent against 30.2 per cent in the previous year) has reduced the rise in net profit. Even so, it is 20.2 per cent above the previous year's earnings on an annualised basis.

With competition from the Modi group which has recently obtained permission to set up a viscose plant, investors are in no mood to disinvest. Even on an ex-right basis the shares are quoted at Rs.108.

South India Viscose

South India Viscose has continued its encouraging trend during the first half of this year. Although gross sales during the period is lower than the sales achieved in the second half of the previous year, better margins have resulted in a smart spurt in the gross profit. Gross profit in relation to net sales, has risen to 31 per cent as against 24 per cent in the corresponding half of the previous year and 23 per cent in the previous year.

The pretax profit at Rs.13.61 crore reflects an equally impressive rise of 84 per cent over the corresponding half. With the viscose filament prices unlikely to take a dip in the near future, the company is expected to maintain its profitability in the second half. However, the company has cautioned that the plant will be shut down for a period of 45 days during this half for its annual maintenance works. This may have an impact on the production, sales and profitability during the period.

Notwithstanding these considerations, the share price is ruling firm around Rs.900 on the Bombay stock exchange. However, liquidity of the company's shares is relatively low on account of the low capital base and because of the fact that transactions are effected at a spread of nearly Rs.20 per share.

Grasim Industries (Rs crore)			
Year ending	Apr-Sept 89	Apr-Sept 88	Apr 88-Mar 89
Gross sales	487.41	371.17	803.02
Other income	22.85	7.49	32.16
Excise	77.96	63.83	138.55
Raw materials cost	184.41	143.65	300.96
Interest	33.88	24.97	55.18
Gross profit	60.75	37.25	92.27
Depreciation	17.54	18.10	28.93
Taxation	16.65	3.60	19.15
Net profit	26.56	15.55	44.19
RM/sales (%)	37.8	38.7	37.4

South India Viscose (Rs crore)			
Year ending	Apr-Sept 89	Apr-Sept 88	Apr 88-Mar 89
Gross sales	56.39	41.52	103.04
Other income	0.82	0.39	1.86
Excise	7.27	5.83	12.95
Raw materials cost	19.77	9.90	28.73
Salaries & wages	6.17	5.56	10.56
Interest	1.28	0.83	1.64
Gross profit	15.20	8.64	20.70
Depreciation	1.59	1.23	2.54
Taxation	4.63	2.87	6.20
Net profit	8.98	4.54	11.96
RM/sales (%)	40.2	27.7	31.9

RESULTS ANNOUNCED

Padmatex Engineering

Padmatex has churned out excellent results for the 17-month period ended 31 March 1989. The sales were higher at Rs.48.05 crore and the net profit at Rs.1.10 crore crossed the Rs.1 crore mark.

During this period the company sold 117 autoconers and 103 draw frames. This demand is expected to grow further for two reasons — the export market for high quality yarn and fabrics shows a spurt in growth and the trend in the Indian textile industry is to modernise plant and machinery quickly. The company's export orders to USSR in 1988 was for 73 autoconers and 88 draw frames valued at Rs.33.24 crore. This is expected to be delivered by the last quarter of 1989.

The company will soon diversify into the manufacture of plastic processing machinery with their collaborators, Reifenhäuser, of W. Germany.

IN BRIEF

Punjab Alkalies & Chemicals is going in for optimisation of the existing plant capacity by adding balancing equipment. This would result in stepping up production capacity by at least 15 per cent by 1990.

Uniplas has completed the expansion envisaged for its PVC pipes from 5,000 to 10,000 tpa and has now started the commercial production of roto moulded plastic water tanks.

Integrated Finance has maintained a dividend of 15 per cent for the year ended 31 May 1989.

20th Century Finance Corporation has been awarded an FAAA (F triple A) rating by CRISIL for its fixed deposit scheme.

Unity Steels which has recently taken over a mini-steel plant at Bhavnagar from KEC International will enter the capital market with a convertible debenture issue to part-finance this acquisition.

Shree Rajasthan Synthex through with its modernisation programme, has installed an autoconer with splicing and electronic yarn cleaning arrangements. The company has also received registration of industrial undertaking for the manufacture of 5,000 MT per annum of multi filament (POY) polypropylene yarn.

STOCKMARKET REVIEW

Pre-election dip

(For the period 6 to 18 November 1989)

BSE National Index on 18 November = 383.09, down from 392.07 (-2.3 per cent)

BSE Sensitive Index on 18 November = 708, down from 740.11 (-4.4 per cent)

BSE Daily Turnover Average for the fortnight ended 18 November = Rs.70 crore, up 9.4 per cent

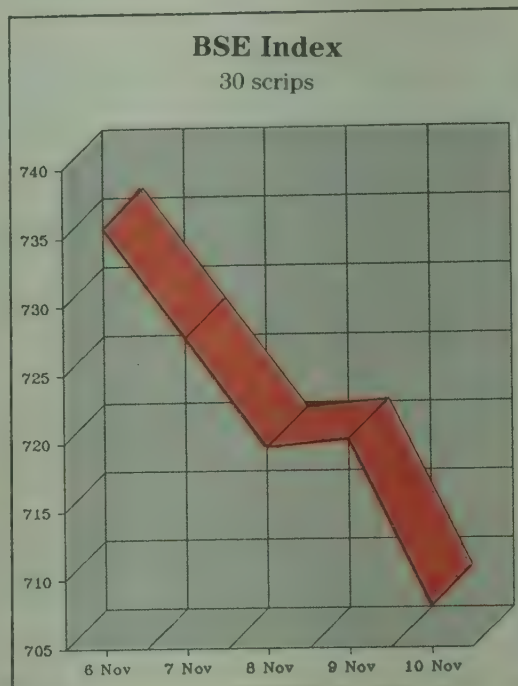
BSE Daily Trading Volume for the fortnight ended 18 November = 6.45 million shares, up 20.5 per cent

Stockmarkets dipped sharply over the fortnight, in the absence of strong institutional support coupled with heavy short sales. As in the previous fortnight, the upcoming general elections continued to mesmerise the market, with traders taking a gloomy view of a future that might exclude Rajiv Gandhi. However, the end of the fortnight was marked by a mild renewal of speculative support on reports that prospects for the Congress were not as dim as earlier supposed.

Unlike as in previous elections, this time around, there are several political undercurrents but no political wave. As a result, stockmarkets have also been shaky over the past month but have not collapsed. However, the fortnight under review was a more normal period than its predecessor in terms of turnover and price changes, thanks mainly to reduced institutional support. This, therefore, allowed share prices to rise and fall freely, although a bearish sentiment prevailed towards the end.

Ineffectual as usual. All this was possible despite an attempt by the Bombay Stock Exchange (BSE) to control price falls by restricting each broker's net outstanding position in eight speculative scrips — viz, ACC, Baroda Rayon, Century, Century Enka, L&T, Reliance, Tata Locomotive and Tata Steel. This was as ineffectual a strategy as it usually is, with each of these scrips recording large falls the next trading day, along with a 1.5 per cent fall in the BSE Sensitive Index (See Table).

The BSE was closed through the second half of the fortnight, following a fire which had damaged electrical connections. Power was restored towards the end of the fortnight. In Calcutta, Delhi and other stock exchanges, turnover was moderate and concentrated in speculative scrips, the prices of most of which fell.



The big losers included the "big eight" referred to above, but also included Motor Industries which fell from its record high of Rs.800 to close at Rs.730 and Hoechst, which fell from its record high of Rs.1,430 to close at Rs.1,410. Kelvinator announced a 1 for 1 bonus and a 26 per cent rise in net earnings. The scrip rose briefly by Rs.5 to Rs.175 on the announcement, but sales on the Delhi Stock Exchange brought it down to Rs.160 by the fortnight's end. Orkay announced a 33 per cent decline in net earnings and fell by Rs.3.75 to Rs.13.

Indrol announced on 9 November that turnover for the four months to October was unchanged at Rs.61 crore compared with the previous year. This surprised the market since the company had declared excellent results on 2 September for the year ended 30 June 1989, including a 63 per cent jump in net earnings. Its share price, which had fallen steadily from Rs.290 in mid-August to Rs.240 by early November, fell sharply on the news of stag-

The effect of restricting transactions on 10th November

Company	Price on 9 Nov (Rs.)	Price on 10 Nov (Rs.)	Percent-age change (%)
ACC	296	292	-1.4
Baroda Rayon	730	707	-3.2
Century	2540	2525	-0.6
Century Enka	3350	3325	-0.8
L&T	83	77	-7.3
Reliance	82	78	-4.3
Tata Loco	1040	1030	-1.0
Tata Steel	114	112	-1.5
BSE Sensitive	720	708	-1.8

nant turnover to close the fortnight at Rs.192.50, down from Rs.233.75.

Good half-yearly results. Corporate news, otherwise, continued to be positive, with excellent half-yearly results from Escorts, HMM, Indian Aluminium, India Seamless, ITC, Jindal Strips, Lakme and South India Viscose. However, not all these shares rose in price: while Lakme rose to Rs.95 from Rs.85 on the news of a 78 per cent jump in half-yearly earnings, and South India Viscose rose to Rs.930 from Rs.900 on the back of a 98 per cent rise in half-yearly earnings, ITC fell to Rs.62.50 from Rs.69, in spite of announcing a 41 per cent rise in earnings. Indian Aluminium fell to Rs.138 from Rs.146.50, even though half-yearly earnings per share rose six-fold to Rs.7.

Special Steel, which became a Rs.10 share over the fortnight, rose to a record high of Rs.116 from Rs.108 on strong investment demand. Individual investors and institutions also picked up Otis Elevators on reports that its labour troubles were at an end. The scrip closed at Rs.197.50, up from Rs.185. Other scrips in demand included Cyanamid, which rose to a record high of Rs.108.75 from Rs.96.25, and BASF, which rose to Rs.152.50 from Rs.145.

Polyolefins India (PIL) consolidated its recent gains to close at a record high of Rs.1,315, up from Rs.1,305, as did pharmaceutical manufacturers Roche and Sandoz, which closed at Rs.89 and Rs.137 respectively. Hindustan Cocoa was in strong speculative demand on expectations of good performance in the current year. The scrip rose to a 52-week high of Rs.143.75, up from Rs.134 over the fortnight.

Meanwhile, Century and Century Enka eased after their high flying performance over the past two months: Century closed the fortnight at Rs.2,525, down marginally by Rs.50, and Century Enka closed at Rs.3,525, marginally lower by Rs.65.

Still in demand. Tea shares, with the exception of Tata Tea, continued to be in demand. Warren Tea reached a new high of Rs.175 before closing the fortnight at Rs.166, up from Rs.142.50. Mcleod Russel declared a 3 for 5 bonus and closed at Rs.163 after touching a record high of Rs.167.50, up from Rs.137.50 over the fortnight. George Williamson declared a 1 for 3 bonus and closed at Rs.200, up from Rs.195. Tata Tea remained stagnant at Rs.183.

While speculators have been trading on political news, the question that must be

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exercising the lay investor's mind is: what happens after the elections are over? While political news will continue to matter (at least for a while) if the Congress (I) is not returned to power, other economic uncertainties are not going to disappear even if the ruling party is permitted by its electorate to continue ruling.

There is the matter of inflation, now rapidly becoming more serious. There is the matter of revising administered prices to account for changes in inflation and the falling value of the rupee, especially the price of transportation (including the price of petrol). There is the matter of financing next year's budget deficit (on the size of which little information is at present available).

On the plus side, there is the opportunity for the party in power to make structural changes towards liberalising the economy beyond the price and quantity liberalisations of the past five years. These could include reforms in the field of capital markets for insurance and foreign exchange, and in the field of basic inputs such as coal and power.

Most investors are aware that their best hedge against inflation is investment in the stockmarket. But the hope for structural liberalisation depends entirely on politics and cannot, unfortunately, be hedged by buying stocks. Hence, before the market returns to a search for fundamental value, political news will continue to shape its direction. Recent history at home and abroad gives grounds for hopeful political news. The market will support any ruling party (or group of parties) that quickly announces (and firmly sticks by) a sensible economic manifesto.

RAFIQ DOSSANI

STOCKMARKET FIRE

Getting back to normalcy

On 12 November 1989, a fire broke out on the eighth floor of Jeejeebhay Towers which houses the Bombay Stock Exchange (BSE). Though the cause is not yet clear, BSE officials say that the fire originated in the area where the electric mains of the entire eighth floor is situated. This means that the fire could have been spared off by a short circuit or due to overloading of the system.

The consequences and the estimated

damage of the fire are still uncertain. Much depends on how soon the affected parties together with the relevant authorities and the stock exchange members can sort it out.

The most affected of the lot is a J.G. Shah & Co, a broker's firm. The firm, which occupies room number 821, has grown over the last two years, along with Canbank, through which it has been transacting a major portion of its business. Now almost 90 per cent of its property damaged, including share certificates and other valuable documents. The other adjoining offices, though not directly affected by the fire, have been damaged during the fire fighting operations.

"The market would have opened on 15 November 1989" says M.R. Mayya, executive director of the BSE, "but for the failing of the firm's air conditioning unit that caused damage to BSE's transformers. This resulted in loss of electricity for the entire building which was retrieved in stages."

Though the BSE has been fully operative from 20 November 1989 onwards, there are some sticky problems which may take time to resolve. While G.B. Desai, president of the BSE and a broker member, says that "the brokers' fraternity will wholeheartedly co-operate with the affected firm to overcome difficulties arising

out of this calamity", getting duplicate share or debenture certificates will be a cumbersome procedure. In the fire, some share certificates were partially damaged and identifiable but there were others that are completely burnt. While getting duplicates in the first case will be easy, as the necessary details are available, in the second, there will be problems as the details necessary have to be traced backwards.

In the event of a certificate getting lost, the shareholder has to notify the company, besides the stock exchange and the public by giving suitable advertisements in the newspapers. Now, in order to do so, the shareholder has to get details of the transfer with the distinctive certificate numbers. Very often, there are third party shares in transit from broker to broker, in which case it might be necessary to trace the original owners.

Meanwhile, the BSE authorities have initiated all possible help to the damaged firm by creating a special cell for instant reference. "This cell will function under the guidance of A.A. Tirodkar, deputy manager of the BSE, and will resolve the matter amicably within the members that are directly or indirectly affected," says Mayya.

Incidentally, deliveries against cash settlements took place on 10 November 1989, and those of specified scrips a day later. Hence the number of share certificates destroyed could be quite large as the fire took place a day after the settlements.

Changes required. The occurrence of such an incident will probably hasten the streamlining of the procedure for handling of securities. In most parts of the world, physical handling of certificates has been done away with and the Indian stock exchanges have been talking about it in the recent past. Setting up of an institution like the stock holding corporation to be built on the lines of the depository trusts in the US has also been talked about. "This incident might help it come faster," says Desai.

It is believed that an informal proposal asking all brokers to shell out Rs.25,000 each to enable the firm to tide over the crisis was strongly rejected by many brokers. However, they feel the need for setting up a contingency fund for the future.

"The BSE is working out a plan to set up a safe deposit fire proof vault in the bottom of the building where members can deposit their valuable properties and share certificates," says Mayya.



In the damaged firm: fellow members will co-operate

LANCELOT JOSEPH

STOCKMARKETS

Company	Year	Equity	Re-	Book	Price	52 weeks	EPS in Rs			PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serve	value	17.11.89	High	Low	Year	Half-yr	Times	dend	%	%	Year Ratio
			Rs Cr	Rs										
A P SCOOTERS 10	07/87	9.94	-13.25	3.33	3.24	6.00	2.00	-4.8			11.0	34.0		
ACC 100	03/89	55.95	81.30	245.31	292.00	415.00	237.00	4.5	1.9	64.9		3.6	86	1.5
AHM ELECTRIC,100	03/89	19.81	67.58	441.14	250.00	380.00	132.50	27.7	11.8	9.0	16.0	6.4	87	1.5
ALFA LAVAL,10	03/89	5.21	21.57	51.40	77.50	90.50	47.00	12.0	3.4	6.5	25.0	3.2	89	1.2
AMAL RASAYAN,10	03/89	1.48	5.14	44.73	86.50	147.50	76.25	18.2	9.1	4.8	25.0	2.9		
AMB SARABHAI,10	03/88	22.20	-1.72	9.23	17.00	24.00	10.50	0.8		21.2			82	1.5
AMFORGE 10	03/89	5.33	11.32	31.24	90.50	97.00	61.50	7.0	3.5	12.9	25.0	2.8		
ANDHRA CEMENT,10	03/88	18.20	-2.70	8.52	10.25	16.75	8.50	0.7	-4.0	14.6	10.0	9.8	67	1.2
ANDHRA VALLEY,100	03/88	10.51	38.33	464.70	322.50	405.00	248.75	110.9	73.8	2.9	18.0	5.6	75	1.9
ANDREW YULE,10	03/87	9.41	22.81	34.24	60.00	72.00	16.50	2.2		27.3	10.0	1.7	67	2.5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	6.50	17.00	8.50							
APOLLO HOSP 10	06/88	5.44	1.33	12.44	11.00	19.00	10.00	3.7	1.2	3.0	15.0	13.6		
APOLLO TYRES,10	10/88	7.75	14.19	28.31	74.50	136.50	60.00	19.1	7.9	3.9	25.0	3.4		
APPLE LEASING,10	03/89	3.75	0.81	12.16	19.00	24.50	7.50	4.3	3.9	4.4	35.0	18.4		
ASEA,10	12/88	5.18	8.25	25.93	55.00	77.50	42.50	3.0	1.6	18.3	21.0	3.8		
ASHOK LEYLAND,10	12/88	21.39	84.87	49.68	90.00	90.50	59.00	8.1	2.2	11.1	21.0	2.3	78	1.2
ASIAN CABLES,10	03/89	5.59	7.32	23.09	40.00	70.00	16.00	5.8	2.4	6.9	18.0	4.5	81	1.3
ASIAN HOTELS,10	03/89	15.05	4.81	13.20	59.00	62.00	47.00	4.1		14.4	25.0	4.2		
ASIAN PAINTS,10	03/89	12.44	41.02	42.97	207.50	227.50	165.00	12.2	7.7	17.0	42.0	2.0	87	1.2
ASSAM CO,10	03/89	7.00	26.02	47.17	257.50	260.00	90.00	16.8		15.3		2.7	89	1.1
ASSAM FRONTIER,10	03/89	3.00	10.53	45.10	210.00	220.00	120.00	13.7		15.3	50.0	2.4		
ASTRA IDL,10	03/89	2.50	2.97	21.88	63.00	72.00	32.00	4.9		12.9	10.0	1.6		
ATLAS COPCO,10	03/89	7.26	7.95	20.95	44.00	57.00	33.00	0.8	0.2	55.0	10.0	2.3	87	1.2
ATLAS CYCLE,10	06/88	1.53	13.93	101.05	95.00	152.50	92.50	14.7	7.4	6.5	20.0	2.1	87	1.2
AVERY INDIA,10	12/87	4.20	9.34	32.24	107.00	144.00	106.00	8.6		12.4	35.0	3.3	84	2.5
BAJAJ AUTO,10	03/89	18.81	219.74	126.82	327.50	462.50	301.25	21.6		15.2	35.0	1.1	87	1.1
BAJAJ PLASTIC,10	03/89	1.50	4.94	42.93	35.00	38.50	13.50	-7.9	-4.1	20.0			86	1.1
BAJAJ TEMPO,10	03/89	6.60	4.20	73.79	139.00	152.50	102.50	2.0		69.5	20.0	1.4	86	1.1
BAKELITE HYLAM,10	03/89	4.50	19.51	53.36	58.50	58.50	25.50	3.7	2.0	15.8	18.0	3.1	80	2.3
BALLARPUR,10	06/88	20.97	27.11	22.93	150.00	166.25	40.70	8.3	4.3	18.1	18.0	1.2	89	1.2
BARODA RAYON,100	03/89	17.97	32.35	280.02	707.50	830.00	290.00	62.9		11.2	15.0	2.1	82	1.2
BASF,10	03/89	4.26	12.32	38.92	152.50	152.50	102.50	8.6	5.5	17.7	25.0	1.6	88	1.2
BATA INDIA,10	12/87	10.50	17.18	26.36	68.00	89.00	62.00	3.7		18.4	15.0	2.2	87	1.1
BATLIBOI,10	09/88	2.79	3.93	24.09	16.50	22.50	14.00	1.1		15.0	10.0	6.1		
BAYER INDIA,100	12/87	16.22	11.19	168.99	750.00	900.00	550.00	27.4	25.5	27.4	16.0	2.1	87	1.1
BEST & CROM,10	03/89	7.10	17.80	35.07	42.00	83.00	28.50	1.6		26.2	10.0	2.4	82	3.5
BHADRA PAPER,10	03/89	10.57	27.85	36.35	101.25	110.00	31.00	8.8		11.5	35.0	3.5		
BHARAT FORGE,10	03/89	14.06	19.23	23.68	75.00	120.50	72.50	5.9	3.9	12.7	25.0	3.3	88	1.1
BHARAT GEARS,10	03/89	4.03	5.50	23.65	22.00	28.25	14.00	-2.4	0.1	9.5		6.2		
BIHAR ALLOY,10	03/89	8.20	-8.25	-0.06	38.00	51.50	12.75	3.6	2.4	10.6				
BIMETAL,10	03/89	3.82	9.00	33.56	80.00	110.00	25.00	15.1		5.3	27.5	3.4	89	1.1
BINDAL AGRO,10	12/88	3.79	8.50	32.43	115.00	130.00	70.00	19.9		5.8	50.0	4.3		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	45.50	71.00	42.00	0.1	2.6	455.0	14.0	3.1	86	1.1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	9.25	14.00	7.75	0.2	-2.9	46.2				
BLOW PLAST,10	07/89	2.00	3.73	28.65	42.50	55.00	30.00	1.9		22.4	15.0	3.5	87	1.1
BLUE STAR,10	03/89	3.55	11.60	42.68	80.00	80.00	55.00	10.2		7.8	18.0	2.2	86	3.5
BOM BURMAH,100	03/89	5.52	16.26	394.57	485.00	555.00	380.00	40.7	21.7	11.9	30.0	6.2	78	1.4
BOM DYEING,10	03/89	11.24	70.65	72.86	139.00	161.00	96.00	16.0	11.0	8.7	30.0	2.2	79	1.1
BOM SUBURBAN,10	03/89	6.60	78.22	128.52	75.00	85.00	33.00	12.9		5.8	20.0	2.7	89	1.1
BOOTS,10	03/89	8.10	9.33	21.52	136.00	146.00	100.00	5.5	2.8	24.7	22.0	1.6	87	1.1
BOROSIL GLASS,10	03/89	2.24	7.94	45.45	63.75	82.00	28.75	6.0		10.6	25.0	3.9	82	1.2
BRITANNIA,10	03/89	12.38	28.00	32.62	122.00	126.00	87.50	6.7		18.2	32.0	2.6	89	1.2
BROOKE BOND,10	12/88	24.73	45.59	28.44	108.00	108.00	54.00	9.7	6.2	11.1	33.0	3.1	89	4.5
BURROUGHS,10	02/89	3.00	15.82	62.73	92.50	112.50	92.50	12.0	5.3	7.7	45.0	4.9	89	1.1
C.E.S.C.,10	03/88	16.94	67.56	49.88	36.75	37.50	16.00	4.9	2.8	7.5	16.0	4.4		
C.P. TOOLS,100	03/89	4.57	9.61	310.28	355.00	480.00	330.00	19.0		18.7	15.0	4.2	77	1.3
CABLE CORP,10	03/89	9.00	18.86	30.96	86.00	91.00	55.00	11.5	8.3	7.5	27.5	3.2		
CALICO MILLS,125	06/89	13.56	5.69	72.55	30.00	41.00	25.00	2.3		13.0			77	1.7
CARRIER AIRCON,10	03/88	6.25	0.00	10.00	22.50	40.00	21.00							
CEAT TYRES,10	06/88	14.76	87.68	69.40	131.25	176.25	91.25	13.6		9.7	27.5	2.1	86	1.2
CEMINIDIA,10	03/89	1.28	8.06	72.97	87.50	125.00	72.50	6.8	3.6	12.9	40.0	4.6	84	3.5
CENTURY ENKA,100	03/89	16.61	111.66	772.25	3325.00	3390.00	1720.00	236.2	91.0	14.1	42.0	1.3	88	2.5
CENTURY SPIN,100	12/88	26.62	201.09	855.41	2525.00	2575.00	1260.00	25.9	71.3	97.5	30.0	1.2	86	2.3
CHAMPAGNE,10	12/87	2.50	-1.46	4.16	13.50	22.00	12.00	-3.2						
CHLORIDE,10	12/88	20.65	16.51	18.00	83.00	85.00	74.00	5.0	2.5	16.6	31.5	3.8	86	3.5
CIFCO FINANCE,10	07/88	4.78	0.40	10.84	8.50	11.00	6.75	1.7		5.0	15.0	17.6		
CITURGIA,10	03/89	3.38	6.54	29.35	97.00	115.00	80.00	8.3		11.7	35.0	3.6		
COLGATE,10	03/89	31.44	13.62	14.33	191.25	195.00	145.00	13.5	7.6	14.2	45.0	2.4	89	1.1
COLOUR CHEM,100	03/89	7.94	13.35	268.14	510.00	525.00	400.00	37.9	26.8	13.5	22.0	4.3	80	2.5
COMET STEEL,10	03/89	9.65	1.25	11.30	19.00	25.00	11.50	2.7	1.6	7.0	16.0	8.4		
COROM FERT,10	12/88	24.32	24.79	20.19	22.00	35.00	13.50	-4.9			8.0	3.6	86	1.2
COSMO FILMS,10	03/88	2.39	7.45	41.17	26.00	52.50	14.00	6.6		3.9	18.0	6.9		
CROMPT GREA,100	06/88	9.60	62.01	745.94	1290.00	1400.00	25.00	61.4		21.0	18.0	1.4	79	1.3
CYANAMID,10	03/89	5.25	10.26	29.54	108.75	108.75	57.50	5.6		19.4	20.0	1.8		
DCM,10	03/89	23.02	28.14	22.25	40.00	76.00	30.00	1.8		25.6			71	4.5
DCM TOYOTA,10	09/88	15.00	12.96	1.36	13.00	16.50	9.50	-1.1	-0.4					

Company	Year	Equity	Re-	Book	Price	52 weeks	EPS in Rs		PE	Divi-	Yield	Bonus		
Face value	Ended	Rs Cr	Rs Cr	value	17.11.89	High	Low	Year	Half-yr	Times	dend	%	Year	Ratio
			Rs Cr	Rs							%			
DEEPAK FERT,10	03/89	14.82	11.32	17.64	27.00	51.00	27.00	4.7	3.0	5.7	18.0	6.7		
DEEPAK NITR,10	03/89	2.43	6.48	36.67	63.00	85.00	44.00	9.2		6.8	28.0	4.4	85	1.2
DEMO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/89	6.24	11.15	27.87	40.00	40.00	27.50	3.2	1.7	12.5	20.0	5.0	79	2.5
DR.REDDYS,10	03/89	1.37	1.36	19.93	57.00	85.00	52.50	5.2		11.0	25.0	4.4		
DUNCAN AGRO,100	12/86	2.03	14.11	795.07	398.00	430.00	111.00	92.1		4.3	15.0	3.8	77	1.2
DUNLOP,10	03/89	18.99	68.77	46.21	70.00	105.00	47.50	5.3	2.5	13.2	30.0	4.3	76	1.3
E.MERCK,10	12/87	5.94	5.04	18.48	81.00	90.00	55.00	2.2	1.2	36.8	16.0	2.0	86	3.5
E.I.HOTELS,10	03/89	23.84	42.12	27.67	67.00	67.00	50.00	4.0		16.8	20.0	3.0	84	2.5
ESHIP MOTORS,10	04/88	9.98	-6.04	3.95	11.50	18.00	9.50	6.4	-4.8	1.8		10.0		
EID PARRY,10	06/88	6.28	6.69	20.65	61.00	70.00	35.00	4.5		13.6	20.0	3.3		
ELECON ENG,10	03/89	5.65	26.90	57.61	72.50	72.50	50.00	4.6	2.4	15.8	20.0	2.8	87	3.5
ENFIELD,10	06/88	5.04	9.15	28.15	13.00	13.50	9.50	-10.4					85	1.1
ENGLISH ELECT,10	03/89	9.00	18.16	30.18	57.00	72.00	47.50	2.7	2.8	21.1	7.5	1.3	87	1.1
ESCORTS,10	03/89	33.90	114.78	43.86	77.50	83.50	58.50	5.3	3.4	14.6	28.0	3.6	87	3.5
ESKAYEF,10	03/89	7.50	20.99	37.99	116.25	165.00	111.25	8.2		14.2	27.0	2.3	88	1.2
ESSAR SHIPPING,10	06/89	44.37	44.05	19.93	23.15	35.00	20.00	4.4		5.3	30.0	13.0		
EXCEL,10	03/89	4.62	11.98	35.93	159.00	166.00	117.00	10.3	6.7	15.4	50.0	3.1	84	4.5
FAG PRECISION,100	03/89	3.36	8.71	359.23	675.00	710.00	270.00	68.8	40.2	9.8	16.0	2.4		
FERRO ALLOYS,100	03/89	5.52	24.78	548.91	1025.00	1650.00	560.00	171.5	31.7	6.0	20.0	2.0	80	1.2
FGP,10	03/88	4.89	5.82	21.90	49.00	60.00	32.00	4.1	3.7	12.0	16.0	3.3	87	1.2
FICOM ORGANIC,10	03/89	1.29	5.96	56.20	172.50	240.00	100.25	19.0	11.0	9.1	60.0	3.5	87	1.1
FINOLEX,10	03/89	3.24	30.80	105.06	302.50	422.50	300.00	58.1	31.9	5.2	60.0	2.0	88	4.1
FIRST LEASING,10	11/87	6.30	8.78	23.94	19.00	19.00	14.00	6.4		3.0	25.0	13.2	83	1.1
FLAKT INDIA,10	12/88	3.40	4.08	22.00	51.00	57.50	35.57	5.6		9.1	20.0	3.9	89	2.1
FOOD SPECIAL,10	12/88	30.72	17.84	15.81	105.00	136.75	97.75	7.3	4.0	14.4	25.0	2.4	89	3.1
FORBES FORBES,10	03/89	4.25	20.54	58.33	50.00	66.00	38.00	3.7		13.5	30.0	6.0	82	2.1
FULFORD,10	12/87	0.80	2.28	38.50	300.00	385.00	280.00	8.8	6.1	34.1	22.0	0.7	88	1.1
G.E SHIPPING,10	03/89	55.61	55.28	19.94	45.85	47.25	34.25	5.4	1.5	8.5	12.0	2.6	81	2.1
G.K.W.,10	03/89	24.06	30.30	22.59	20.00	26.00	11.50	-0.6					83	1.1
G.T.C.INDUST,10	03/89	5.00	13.24	36.48	22.75	24.50	14.35	5.1		4.5	24.0	10.5	72	1.1
GABRIEL,10	03/89	2.64	4.36	26.52	50.00	52.00	21.00	4.4	1.9	11.4	20.0	4.0	78	3.1
GAMMON INDIA,10	07/88	2.16	13.46	72.31	90.00	310.00	80.00	1.9		4.74	18.0	2.0	82	2.1
GARDEN SILK,10	03/88	12.57	82.28	75.46	46.25	70.00	42.50	11.1	1.4	4.2	30.0	6.5		
GARWARE NYLON,10	12/88	9.72	14.97	25.35	50.00	67.00	37.00	3.6	2.4	13.9	20.0	4.0	83	1.1
GARWARE POLY,10	06/88	8.31	28.96	44.85	54.00	122.50	54.00	6.5	3.6	8.3	20.0	3.7		
GARWARE SHIP,10	03/88	3.75	0.03	10.08	19.00	41.00	17.00	-3.6	3.2					
GEN ELECTRIC,10	03/89	7.20	30.60	52.50	66.50	92.00	46.50	13.9		4.8	15.0	2.3	89	1.1
GENELEC,10	03/88	2.16	5.79	36.81	28.00	72.50	25.00	-6.5		4.3	14.7	5.2	84	1.1
GEORGE WILL,10	03/88	6.30	24.05	48.17	210.00	210.00	95.00	8.7	5.0	24.1	40.0	1.9	89	1.1
GERMAN REM,10	03/89	3.26	5.20	25.95	93.75	102.00	61.00	117.8	72.5	10.8	15.0	1.6	82	3.1
GLAXO,10	03/89	20.00	-39.91	-29.95	102.00	104.00	73.50	9.1		11.2	20.0	2.0	80	1.1
GODFREY PHILIPS,10	03/89	2.60	-3.80	24.62	42.50	52.50	-25.00	4.5	2.1	9.4		7.1	75	1.1
GOETZE,10	03/89	6.93	14.10	30.35	82.50	90.00	52.00	6.2		13.3	22.0	2.7	76	4.1
GOKAK PATEL,10	03/89	6.52	19.12	39.33	71.25	-120.00	71.25	6.0		11.9	20.0	2.8	87	1.1
GOOD NEROLAC,10	06/88	3.24	5.08	-25.68	57.50	81.00	42.50	2.0		28.8	20.0	3.5	78	5.1
GOODYEAR,10	12/88	7.48	31.95	52.71	98.00	125.00	81.00	13.8	5.6	7.1		4.2	77	2.1
GRAMOPHONE,10	03/89	4.37	11.43	36.16	9.25	21.50	5.50	-11.0						
GRASIM,10	03/89	37.70	127.25	43.75	109.00	135.00	12.50	10.5	6.4	10.4	27.5	2.5	88	3.1
GREAVE COTTON,100	03/89	6.57	26.22	499.09	660.00	720.00	400.00	102.7		6.4	18.0	2.7	86	1.1
GUJ ALKALIES,10	03/89	17.90	29.78	26.64	74.25	77.50	64.00	2.4	1.1	30.9	26.0	3.5	87	1.1
GUJ AMB CEM,10	06/89	19.99	5.58	12.79	20.25	26.00	14.50	1.9		10.7	12.0	5.9		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	32.25	61.00	30.00	1.0		32.2	10.0	3.1		
GUJ STATE FERT,10	03/89	26.95	208.59	87.40	175.00	182.50	125.00	18.1	12.8	9.7	37.5	2.1	87	1.1
HARRISON,10	06/89	9.10	17.64	29.38	93.00	101.00	45.50	3.5	0.5	26.6	10.0	1.1	87	1.1
HERDILLIA CHEM,10	03/89	7.35	41.35	66.26	95.00	105.00	66.00	11.3	5.5	8.4	21.0	2.2	78	1.1
HERO HONDA,10	06/88	15.60	1.94	11.24	18.00	39.00	18.00	1.2		15.0				
HIND ALLOY,10	03/89	5.89	5.03	18.54	58.75	98.00	46.25	6.2	4.3	9.5	30.0	5.1		
HIND ALUM,10	03/89	17.85	162.39	100.97	262.50	322.50	134.00	15.8		16.6	37.5	1.4	86	1.1
HIND BROWN,100	03/89	5.47	25.33	563.07	700.00	910.00	77.50	70.0		10.0	23.0	3.3	78	1.1
HIND CIBA,100	03/89	17.71	40.07	326.26	970.00	1080.00	610.00	67.4	45.9	14.4	30.0	3.1	80	1.1
HIND COCOA,10	03/89	8.40	12.04	24.33	143.75	143.75	100.00	7.1		20.2	25.0	1.7	87	1.1
HIND DEVELOP,10	03/89	8.42	92.58	119.93	105.00	115.00	83.75	14.0	6.0	7.5	25.0	2.4	86	1.1
HIND DORR-OLIVER,10	03/89	4.76	8.41	27.67	80.00	105.00	57.50	7.1	1.6	11.3	50.0	6.2	89	1.1
HIND FERODO,10	03/89	5.50	1.89	13.44	20.00	23.00	16.00	1.4		14.3	5.0	2.5	83	1.1
HIND LEVER,10	12/88	93.32	112.74	22.08	108.00	108.50	69.00	5.2	2.5	20.8		3.4	87	1.1
HIND MOTOR,10	03/89	26.35	44.89	27.04	26.00	50.25	24.50	-2.2			7.5	2.9	86	1.1
HMM,10	04/88	14.18	93.90	76.22	213.75	215.00	117.50	12.0	7.0	17.8	40.0	1.9	87	1.1
HOECHST,100	03/89	9.58	27.94	391.65	1410.00	1430.00	500.00	37.7		37.4	20.0	1.4	82	1.1
HOGANAS,10	10/87	1.15	0.00	10.00	53.00	63.00	39.00		-0.6					
HOTEL LEELA,10	03/89	11.80	-2.30	8.05	15.00	22.00	13.00	-0.4						
HOUSING DEV FIN,100	03/89	19.98	44.56	323.02	275.00	345.00	175.00	96.8		2.8		5.7		
HYD.ALLWYN,10	07/87	8.10	10.70	-23.21	13.50	22.00	8.50	3.7	4.2	3.6	15.0	11.1		
ICIM,10	12/87	4.13	9.13	32.11	22.00	67.00	16.00	2.3		9.6				
ICI,10	03/89	40.87	84.19	30.60	47.50	67.00	38.50	3.4	0.9	14.0	22.5	4.1	78	1.1
INDIA CEMENT,10	03/88	4.90	46.92	105.76	17.00	32.00	35.00	8.8		8.2	22.0	2.1	87	1.1

Company Face value	Year Ended	Equity Rs Cr	Re- serves Rs Cr	Book value Rs	Price 17.11.88	52 weeks High	Low	EPS in Rs Year	Half-yr	PE Times	Divi- dend %	Yield %	Bonus Year Ratio
ANALYTICAL,10	04/88	4.50	0.00	10.00	10.00	17.00	8.00	-5.9	-2.0				
ANALYTICAL,10	12/87	29.75	-2.73	9.08	6.00	10.00	4.50						
ANALYTICAL,10	03/88	4.95	-65.15	-121.82	12.30	18.25	10.00	-16.9				75	1:1
ANALYTICAL,10	12/88	41.16	49.09	21.93	138.00	188.00	47.00	2.8	7.2	49.3	14.0	1.0	77 2:5
ANALYTICAL,100	03/89	9.41	35.85	480.98	212.50	320.00	165.00	0.9		236.1	10.0	4.7	80 1:4
ANALYTICAL,10	03/89	14.79	43.45	39.38	85.00	97.50	70.50	9.5	6.5	8.9	30.0	3.5	89 1:2
ANALYTICAL,10	03/89	18.40	20.63	21.21	47.00	53.00	25.00	3.0		15.7	10.0	2.1	85 1:2
ANALYTICAL,10	03/89	14.80	32.85	32.36	42.00	50.00	41.00	1.9		22.1	10.0	2.4	85 1:3
ANALYTICAL,10	06/89	25.40	190.83	85.13	86.00	105.00	77.00	3.9	2.0	22.1	28.0	3.3	80 1:4
ANALYTICAL,10	03/89	2.21	4.02	28.19	150.00	210.00	57.50	15.8	7.6	9.5	18.0	1.2	89 3:4
ANALYTICAL,10	09/87	164.81	0.00	10.00	13.00	27.00	13.00						
ANALYTICAL,10	06/89	6.16	26.27	52.85	182.50	327.50	192.50	11.8		18.3	36.0	1.9	86 1:1
ANALYTICAL,10	12/87	8.00	1.21	12.02	11.25	31.50	11.25	5.8	2.9	2.0	10.0	8.9	
ANALYTICAL,10	03/89	15.78	23.11	24.85	215.00	215.00	155.00	13.4	8.8	16.0	45.0	2.1	89 1:1
ANALYTICAL,10	04/88	3.46	7.20	30.81	72.50	94.00	65.00	4.3		16.9	20.0	2.8	88 4:5
ANALYTICAL,10	12/87	12.00	-15.79	-3.16	17.50	26.00	12.50	-6.9		8.7			
ANALYTICAL,10	03/89	66.34	126.30	29.04	62.50	72.00	22.50	4.4	3.1	14.2	40.0	6.4	89 1:1
ANALYTICAL,10	06/89	3.00	2.84	19.47	35.25	44.00	26.00	4.4		8.0	23.0	6.5	
ANALYTICAL,10	06/89	14.04	15.51	21.05	90.00	112.50	38.00	10.4		8.7	25.0	2.8	67 1:1
ANALYTICAL,10	03/89	38.51	129.12	43.53	62.50	91.00	62.50	4.8	2.0	13.0	22.0	3.5	83 1:3
ANALYTICAL,10	06/88	3.87	5.11	23.20	36.00	62.00	35.00	4.8		7.5	21.0	5.8	87 2:5
ANALYTICAL,10	06/88	3.90	-4.84	-2.41	31.00	42.00	26.00	1.3	0.6	23.8			
ANALYTICAL,10	08/88	1.13	11.41	110.97	240.00	325.00	240.00	31.9		7.5	85.0	3.5	88 1:1
ANALYTICAL,10	06/89	3.55	25.48	81.77	175.00	202.50	110.00	16.5		10.6	24.0	1.4	89 1:1
ANALYTICAL,10	03/88	8.85	52.23	69.02	44.00	71.00	39.00	3.4	0.7	12.9	23.5	5.3	79 1:2
ANALYTICAL,10	06/87	6.00	8.88	24.80	37.00	56.25	29.00	3.1	2.2	11.9	20.0	5.4	
ANALYTICAL,10	03/89	2.40	19.47	91.12	125.00	198.75	125.00	6.8		18.4	30.0	2.4	89 1:1
ANALYTICAL,10	03/89	9.99	3.34	13.34	29.50	38.75	24.00	1.2		24.6			
ANALYTICAL,10	03/89	26.40	41.95	25.89	69.50	100.00	55.00	2.7		25.7	11.2	1.6	86 1:1
ANALYTICAL,10	03/89	3.85	11.28	39.30	70.00	72.50	45.00	12.5		5.6	22.5	3.2	
ANALYTICAL,10	03/89	6.71	13.16	29.61	36.00	67.50	29.00	4.5		8.0	10.0	2.8	76 3:7
ANALYTICAL,10	03/89	4.50	7.50	26.67	148.75	152.50	90.00	9.4	4.5	15.8	24.0	1.6	88 1:2
ANALYTICAL,10	12/88	8.70	7.63	18.77	197.50	212.50	153.75	12.3	6.3	16.1	20.0	1.0	89 1:1
ANALYTICAL,10	03/89	3.15	6.43	30.41	95.00	95.00	57.00	6.9	7.2	13.8	22.5	2.4	89 1:2
ANALYTICAL,10	03/89	60.75	294.16	58.42	77.00	133.50	77.00	6.0		12.8	30.0	3.9	86 3:5
ANALYTICAL,10	12/88	15.75	15.17	19.63	94.00	95.00	85.00	7.7	3.1	12.2	33.0	3.5	
ANALYTICAL,10	03/89	5.07	2.55	15.03	71.25	102.50	18.00	5.2	4.9	13.7	22.0	3.1	89 1:2
ANALYTICAL,10	03/89	21.05	9.07	14.31	17.25	26.50	13.00	0.2	0.6	86.2			80 4:5
ANALYTICAL,10	06/86	2.74	41.38	161.02	67.00	93.50	43.50	2.3		29.1	7.0	1.0	
ANALYTICAL,100	12/87	3.02	18.65	717.55	460.00	810.00	400.00	-153.3	-79.5				
ANALYTICAL,10	06/88	21.96	92.32	52.04	103.00	107.00	90.00	6.5		15.8	30.0	2.9	86 1:2
ANALYTICAL,100	03/89	14.48	23.69	263.60	251.25	375.00	202.50	9.0		27.9	10.0	4.0	80 1:3
ANALYTICAL,100	03/89	16.20	51.29	416.60	302.50	335.00	220.00	9.6	5.1	31.5	20.0	6.6	78 1:5
ANALYTICAL,10	10/87	19.26	102.06	62.99	103.00	119.00	73.50	5.5	2.3	18.7	22.0	2.1	84 2:3
ANALYTICAL,10	06/87	16.54	0.15	10.09	10.00	14.00	8.00	-2.2	-2.5				
ANALYTICAL,10	03/89	11.50	24.57	31.37	87.50	92.00	64.00	6.6		13.3	18.5	1.9	88 1:2
ANALYTICAL,10	03/89	7.11	11.53	26.22	20.00	30.50	19.00	2.0	0.3	10.0	18.0	9.0	
ANALYTICAL,10	03/88	18.99	13.98	17.36	21.50	55.85	17.50	-0.6	-0.1	230.0		4.3	
ANALYTICAL,10	06/89	225.00	280.60	22.47	16.00	21.50	12.17	8.3		1.9	18.0	11.2	
ANALYTICAL,10	03/89	10.24	8.12	17.93	44.00	72.50	41.00	3.2		13.8	16.0	3.8	87 3:5
ANALYTICAL,10	09/88	2.79	1.78	16.38	72.00	92.00	52.50	5.0		14.4	20.0	2.8	
ANALYTICAL,10	03/89	4.50	10.47	33.27	65.00	85.00	52.50	7.0		9.3	25.0	3.8	
ANALYTICAL,10	11/88	4.32	2.84	16.11	9.00	20.00	7.00	2.3		3.9	12.7	14.1	
ANALYTICAL,10	03/89	6.68	25.89	43.71	75.00	107.50	70.00	1.5		50.0	20.0	2.7	86 1:1
ANALYTICAL,10	06/88	7.25	22.38	48.81	163.00	167.50	82.00	12.9	5.2	12.6	45.0	2.8	89 3:5
ANALYTICAL,10	03/87	14.68	-12.54	1.46	6.87	10.20	5.20	-4.0	-5.0				67 1:2
ANALYTICAL,10	03/89	0.64	1.78	37.81	110.00	130.75	66.75	17.7	4.8	6.2	30.0	2.7	89 1:1
ANALYTICAL,10	12/87	1.14	4.49	49.39	200.00	300.00	185.00	8.9	12.4	22.5	25.0	1.2	87 1:1
ANALYTICAL,10	09/87	3.13	23.65	85.56	18.00	35.00	17.00	-11.9	-13.7		6.0	3.3	69 1:5
ANALYTICAL,10	03/89	10.38	52.50	60.58	77.00	120.00	75.00	13.0	9.5	5.9	25.0	3.2	84 2:5
ANALYTICAL,10	03/89	17.46	8.50	13.72	56.50	73.00	33.00	2.9		19.5	15.0	2.7	
ANALYTICAL,100	12/88	38.05	56.44	248.33	730.00	800.00	565.00	38.0	19.4	19.2	14.0	1.9	86 1:1
ANALYTICAL,10	03/89	3.86	44.85	126.19	337.50	480.00	85.00	43.4		7.8	90.0	2.7	75 1:2
ANALYTICAL,10	03/89	14.74	80.22	64.42	138.50	142.50	75.00	15.8		8.8	20.0	1.4	88 1:2
ANALYTICAL,10	06/87	18.22	22.61	22.41	19.00	28.00	18.00	1.1	1.2	17.3	17.5	9.2	85 2:5
ANALYTICAL,10	03/89	2.44	3.78	25.41	14.00	16.50	6.00	5.2		2.7	35.0	25.0	
ANALYTICAL,100	03/88	2.30	9.02	492.17	765.00	1325.00	675.00	77.8		9.8	30.0	3.9	
ANALYTICAL,100	12/87	6.62	2.77	141.84	285.00	360.00	115.00	10.6	3.5	26.9			
ANALYTICAL,10	03/89	15.76	-23.74	-5.06	12.50	17.00	8.50	-21.5					82 1:2
ANALYTICAL,100	03/89	36.00	82.01	327.81	1250.00	1340.00	730.00	90.5	57.9	13.8	40.0	3.2	86 1:2
ANALYTICAL,10	12/87	5.40	31.50	68.33	34.00	37.00	33.00	7.3	0.5	4.7	20.0	5.9	87 1:1
ANALYTICAL,10	03/88	49.64	54.77	21.03	12.00	44.00	14.25	1.4	1.1	8.6	21.0	17.5	
ANALYTICAL,10	06/87	28.52	81.67	38.64	64.00	122.00	64.00	2.8		22.9	50.0	7.8	87 3:5
ANALYTICAL,10	12/87	18.00	0.00	10.00	34.00	95.00	34.00		0.3				
ANALYTICAL,10	03/89	5.04	15.02	39.80	197.50	220.00	170.00	11.0	3.5	18.0	40.0	2.0	85 1:1
ANALYTICAL,10	03/89	7.53	4.03	15.42	78.00	87.50	38.00	4.1		19.0	35.0	4.5	78 3:5

Company Face value	Year Ended	Equity Rs Cr	Re- serve Rs Cr	Book value Rs	Price 17.11.88	52 weeks High	Low	EPS in Rs		PE	Divi- dend %	Yield %	Bonus	
								Year	Half-yr	Times			Year	Ratio
PEICO,10	03/89	33.32	36.59	20.98	21.00	35.00	16.50	-5.1	-3.9	15.8	10.0	4.8	82	1.5
PFIZER,10	11/88	11.72	15.67	23.37	73.00	88.00	58.00	1.5		48.7	15.0	2.1	77	4.5
POLYCHEM,10	03/89	6.00	11.90	29.83	64.00	72.50	54.50	14.7	7.6	4.4	25.0	3.9	89	2.3
POLYOLEFINS,100	03/89	19.30	45.02	333.26	1315.00	1315.00	875.00	112.4	44.8	11.7	28.0	2.1	88	1.2
PONDS,10	12/88	6.68	15.33	32.95	182.50	210.00	153.75	6.6	4.6	27.7	20.0	1.1	87	1.1
PREMIER AUTO,10	06/89	17.87	112.26	73.53	61.00	66.25	40.50	7.7		7.9	45.0	7.4	86	1.1
PROCTER & GAM,10	06/89	6.68	11.88	27.49	200.00	241.75	175.00	9.4		21.3	30.0	1.5	88	4.5
PSI DATA,10	03/89	1.38	-5.27	-28.19	13.50	21.00	5.00	-8.3		8.8		11.0		
RALLIS,10	03/89	9.52	33.44	45.13	100.00	150.00	95.00	9.2		10.9	25.0	2.5	77	3
RANBAXY,10	03/89	5.22	16.22	41.07	95.00	132.50	75.00	8.4		11.3	27.5	2.9	88	2
RAYMONDS,10	03/89	22.47	67.19	39.90	67.50	84.50	65.00	9.8		7.0	20.0	3.0	87	1.1
RECKITT COLMAN,10	12/88	8.40	17.83	31.23	190.00	210.00	130.00	8.0	4.8	23.8		1.7	88	1.1
REGENCY CERAMIC,10	06/88	3.99	0.25	10.63	20.00	21.00	12.00	-2.7						
RELANCE,10	03/89	152.11	913.40	70.05	78.50	190.00	78.50	6.5	3.2	12.1	30.0	3.8	83	3.5
RELANCE PETRO	03/89	86.47	0.48	10.06	39.50	55.00	38.00	0.8		65.8	18.0	4.6		
REMINGTON,10	03/88	2.67	4.34	26.25	63.75	75.00	34.00	4.1	1.2	15.5	20.0	3.1	86	1.2
REVATHI C.P,10	06/89	1.80	3.68	33.00	75.00	140.00	67.00	5.5		13.6	20.0	2.7	87	1.1
ROCHE PRODUCTS,10	12/88	4.81	6.23	22.95	89.00	89.00	53.75	3.3	1.9	27.0	15.0	1.7	80	1.3
ROSS MURARKA,10	12/88	4.64	3.29	17.09	15.00	20.00	6.50	3.1	3.4	4.8	18.0	12.0		
S.J.VISCOSE,100	03/89	11.03	21.19	292.11	930.00	960.00	635.00	116.9	81.4	8.0	35.0	3.8	87	1.2
SAMTEL INDIA,10	03/89	3.65	11.06	40.30	56.00	112.50	51.00	8.8		6.4	25.0	4.5	88	1.3
SANDOZ,10	12/87	5.30	19.68	47.13	137.00	137.50	80.00	3.0	4.1	45.7	16.0	1.2	84	2.7
SANDVIK ASIA,100	12/88	5.78	7.54	230.45	640.00	775.00	610.00	40.6	12.5	15.8	25.0	3.9	84	1.1
SCINDIA,20	06/87	18.95	3.79	24.00	8.00	12.50	6.00	-30.9					77	2.5
SEARLE,10	03/89	5.21	14.55	37.93	105.00	170.00	105.00	4.3	1.2	24.4	21.0	2.0	88	1.2
SESA GOA,10	03/89	5.15	9.80	29.03	58.00	70.00	26.00	2.1		26.7	14.0	2.5	86	2.5
SHAW WALLACE,10	03/89	12.00	27.76	33.13	81.00	102.00	65.00	9.8	5.2	8.3	30.0	3.7	87	1.1
SHRIRAM FIBRES,10	09/87	10.33	22.69	31.97	55.00	94.00	12.00	2.7		20.4	20.0	3.6	82	1.2
SIEMENS,10	09/88	20.77	58.30	38.07	74.00	108.00	52.50	3.3	1.2	22.4	16.0	2.2	86	1.4
SILPTA CHEMICAL,10	03/88	1.80	-0.76	5.78	63.75	75.00	45.00	-4.2						
SIPTA COATED,10	03/89	9.35	11.53	22.33	18.00	27.00	15.00	1.3		13.8	17.0	9.4		
SKF BEARINGS,100	03/89	24.70	35.39	243.28	1300.00	1510.00	972.50	68.0	33.9	19.1	30.0	2.3	89	1.1
SOUTHERN PETRO,10	03/89	34.00	274.92	90.86	48.50	68.00	39.00	4.1	11.3	11.8	20.0	4.1	86	1.1
SPARTEK,10	03/89	2.85	7.62	36.74	106.25	131.00	71.25	10.0		10.6	25.0	2.4	89	3.5
SPECIAL STEEL,10	03/89	17.09	14.36	18.40	116.00	120.00	46.75	157.5	67.3	0.7	40.0	3.4	89	1.5
STANDARD IND,100	03/89	11.06	37.68	440.69	500.00	542.50	215.00	51.3		9.7	20.0	4.0	82	2.5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	9.50	10.50	8.00	-18.1				15.8	85	1.1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	85.00	86.00	46.00	4.0	1.3	21.2	20.0	2.4	72	1.2
SU-RAJ DIAMOND,10	03/89	4.77	9.72	30.38	65.00	108.75	81.00	14.4	6.5	4.5	20.0	3.1		
SUND CLAYTON,10	05/88	9.48	23.95	35.31	67.00	68.00	44.00	9.9		8.8	25.0	3.7	87	2.3
SUND FASTENERS,10	03/89	5.10	9.80	29.22	78.00	81.00	50.00	6.6	3.9	11.8	25.0	3.2	88	3.5
SUND FINANCE,10	03/89	6.00	16.22	37.03	64.00	74.00	48.00	10.9	4.3	5.9	30.0	4.7	86	1.1
SUPREME INDUST,10	06/89	1.80	6.48	46.00	245.00	260.00	190.00	19.1		12.8	45.0	1.8	87	1.1
SWAD POLYTEX,10	03/89	3.90	11.77	40.18	39.00	57.50	28.00	8.9	3.7	4.4		8.8		
SYNTH & CHEM,10	03/89	5.81	9.75	26.78	70.00	75.00	48.00	10.9	2.3	6.4	25.0	3.6		
TATA CHEMICALS,10	03/89	44.92	208.92	56.51	116.00	127.50	102.00	8.0		14.5	31.0	2.7	89	1.2
TATA LOCO,100	03/89	103.67	308.74	397.81	1030.00	1072.50	670.00	67.6	8.7	15.2	25.0	-2.4	82	2.5
TATA OIL,25	03/89	8.11	21.45	91.12	71.25	77.50	55.00	6.6		10.8	15.0	5.3	81	1.5
TATA POWER,100	03/88	21.22	68.24	421.58	372.50	447.50	310.00	89.1	60.8	4.2	16.0	4.3	75	1.5
TATA PRESS,10	03/89	1.57	6.34	50.38	62.50	85.00	45.00	5.3	3.2	11.8	22.0	3.5		
TATA STEEL,10	03/89	156.09	645.53	51.36	112.25	154.25	103.00	9.9	4.3	11.3	30.0	2.7	86	2.5
TATA TEA,10	03/89	17.10	78.79	56.08	186.00	201.50	115.71	8.0		23.2	50.0	2.7	88	3.5
TATA UNISYS,10	03/89	4.38	4.92	21.23	70.00	92.50	67.50	5.8	2.2	12.1	27.5	3.9	87	2.5
TEXMACO,10	03/89	1.87	11.06	69.14	52.00	68.00	30.50	-48.0						
TINPLATE,10	03/89	10.14	11.11	20.96	36.00	42.00	21.00	4.3		8.4	15.0	4.2		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	66.00	73.75	27.50	7.0	4.2	9.4	20.0	3.0	85	1.3
TUTICO ALKALIES,10	03/89	12.94	-2.63	7.97	13.00	19.00	11.00	1.8		7.2	60.0	46.2		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.00	26.00	12.00	1.3		10.8				
TWENTY CENT,10	03/89	8.88	10.36	21.67	26.00	26.50	14.00	4.0	2.4	6.5	22.0	8.5	88	2.5
UNION CARBIDE,10	03/89	32.58	38.04	21.68	21.75	29.00	18.00	1.7		12.8	12.0	5.5	80	1.2
UNIT BREWERIES,10	06/88	4.00	9.53	33.82	62.50	70.50	36.50	7.1		8.8	20.0	3.2	86	1.1
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	62.00	69.00	37.00	0.4	-1.1	155.0	10.0	1.6		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	52.50	53.75	32.00	4.3		12.2	20.0	3.8		
VAM ORGANIC,10	03/89	5.16	20.35	49.44	155.00	177.00	121.00	20.2	10.7	7.7	35.0	2.3		
VARELI,10	03/88	7.29	13.49	26.50	22.50	35.00	21.25	5.7	0.7	3.9	22.0	9.8		
VIDECON INT,10	03/89	2.75	6.91	35.13	178.75	195.00	80.00	23.0		7.8	40.0	2.2		
VINDHYA TELE,10	03/89	3.90	9.26	33.74	130.00	140.00	107.50	17.1	7.6	7.6	22.5	1.7		
VOLTAS,100	03/89	13.23	34.84	363.34	930.00	990.00	460.00	111.6	50.3	8.3	14.0	1.5	89	1.2
VST INDUSTRIES,10	03/89	6.03	13.81	32.90	35.00	35.00	12.00	5.3	2.3	6.6	50.0	14.3	89	3.5
WALCHAND,100	09/88	3.00	2.46	182.00	17.00	27.50	11.00	2.0		8.5			82	1.2
WARREN TEA,10	03/88	3.90	11.49	39.46	165.00	165.00	62.50	8.9		18.5	30.0	1.8	86	1.5
WIMCO,10	12/87	12.67	5.34	14.21	22.25	31.50	15.50	-5.8	-4.6		30.0	1.8	86	1.5
WIMCO,10	12/87	12.67	5.34	14.21	22.25	31.50	15.50	-5.8	-4.6				70	1.5
ZENITH,10	12/88	9.15	17.20	28.80	54.00	79.00	50.00	5.2	2.3	10.4	30.0	5.6	87	1.4
Z F STEFFING,10	03/89	2.25	1.02	14.53	47.00	77.50	47.00	2.6		18.1	10.0	2.1		

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DEBENTURES

Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	06/10/89	15.88	30.6,31.12	17/9/93	16/6/8
ASHOK LEY.A	64	5	NCD	13.5	521.0	53.00	19/09/89	16.30	31.3,30.9	3/4/96	16/9/8
ASHOK LEY.B	64	5	NCD	13.5	1043.0	55.00	06/10/89	15.71	31.3,30.9	3/4/96	16/9/8
ASHOK LEY.C	100	5	NCD	15.0	815.0	97.50	19/09/89	15.38	31.3,30.9	3/4/91	16/9/8
ATASH IND	75	10	CD	15.0	300.0	67.50	09/11/89	16.67	31.1,31.7	17/3/94	21/7/8
BATLIBOI	100	25	NCD	15.0	510.0	85.00	07/11/89	17.65	30.4,31.10	11/4/93	3/10/8
BIRLA JUTE	200	5	NCD	13.5	999.0	165.00	24/10/89	16.36	30.9,31.3	7/2/96	13/9/8
BLUE BLEND	200	10	NCD	13.5	625.0	162.50	08/11/89	16.62	31.1,30.6	4/11/96	1/6/8
CONT. CONST.	100	10	NCD	15.0	1750.0	82.50	10/11/89	18.18	1.1,1.7	4/10/95	21/6/8
DR REDDY'S	100	10	CD	15.0	163.0	90.00	18/10/89	16.67	30.6,31.12	4/6/96	27/6/8
DUNLOP	150	5	NCD	13.5	120.0	135.00	08/09/89	15.00	15.7,15.1	30/6/89	1/7/8
E.I.HOTELS	50	10	NCD	13.5	1566.0	41.25	01/11/89	16.36	10.4,10.10	10/4/94	1/12/8
ELECON ENG	45	5	NCD	13.5	247.0	35.00	08/11/89	17.36	30.6,31.12	12/3/94	1/12/8
ESSAR SHIP	75	10	NCD	13.5	100.0	63.50	10/11/89	15.94	31.3,30.9	15/4/94	15/6/8
F.G.P.	100	5	NCD	13.5	168.0	82.50	19/01/89	16.36	31.3,30.9	19/11/92	13/9/8
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	31/08/89	15.09	30.6,31.12	30/6/91	1/12/8
FORBES	100	10	NCD	13.5	600.0	85.00	09/11/89	15.88	1.4,1.10	2/4/94	1/9/8
GARDEN SILK	100	10	NCD	12.5	300.0	70.00	10/11/89	17.86	31.3,30.9	31/3/97	9/9/8
GRASIM IND	120	5	NCD	13.5	100.0	114.00	10/11/89	14.21	31.3	30/6/97	15/3/8
GUJ ALKALI	140	5	NCD	13.5	700.0	126.25	09/11/89	14.97	28.2,31.8	1/8/93	18/8/8
HIND FERODO	100	5	CD	13.5	206.0	75.00	07/09/89	18.00	30.6,31.12	14/12/92	12/12/8
HOECHST	100	5	NCD	15.0	383.0	97.50	24/10/89	15.38	1.5,1.11	14/9/91	17/10/8
I.T.C.	500	1	NCD	15.0	500.0	490.00	08/11/89	15.31	1.7	30/6/90	16/5/8
IND HOTEL	75	10	NCD	13.5	1123.0	65.00	24/10/89	15.58	1.4,1.10	26/4/92	16/9/8
IND HOTEL	100	10	NCD	12.5	2708.0	82.50	02/11/89	15.15	15.6,15.12	14/6/94	10/5/8
IND RAYON	80	5	NCD	12.0	801.0	55.00	08/11/89	17.45	30.6,31.12	6/4/93	1/6/8
IND RAYON	112	5	NCD	13.5	1668.0	101.00	08/11/89	14.97	30.6	18/2/95	1/6/8
J.K. SYNTH	120	4	NCD	13.5	1875.0	110.00	18/10/89	14.73	1.1,1.7	1/4/92	1/12/8
JINDAL STR	100	10	NCD	15.0	600.0	92.50	28/10/89	16.22	30.6,31.12	14/4/94	23/6/8
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	20/6/8
KESORAM	90	5	NCD	13.5	1890.0	70.00	12/09/89	17.36	31.3,30.9	11/3/95	1/9/8
KLOCK WIND	100	10	CD	13.5	138.0	85.00	08/11/89	15.88	31.3,30.9	30/6/93	28/2/8
KOTH FOOD	80	10	CD	15.0	475.0	70.00	28/09/89	17.14	31.3,30.9	30/6/91	1/10/8
L & T RTC	60	5	CD	13.5	360.0	52.50	26/10/89	15.43	1.1,1.7	30/6/90	16/6/8
LAKME	75	10	NCD	13.5	202.3	68.75	24/10/89	14.73	30.6,31.12	9/4/94	1/12/8
LM	115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	16/4/8
LYKA LABS	100	10	NCD	15.0	240.0	90.00	26/10/89	16.67	30.6,31.12	30/6/93	9/6/8
MAY & BAKER	100	5	NCD	15.0	300.0	95.00	26/10/89	15.79	1.4,1.10	9/9/94	15/6/8
MAZDA IND	100	10	NCD	13.5	625.0	66.00	09/11/89	20.45	1.4,1.10	5/4/93	14/9/8
MUKAND	125	5	NCD	13.5	437.0	117.50	06/11/89	14.36	1.1,1.7	30/6/88	12/12/8
RAYMOND WOOL	320	1	CD	12.0	480.0	285.00	08/11/89	13.47	31.3,30.9	30/6/89	26/9/8
RAYMOND WOOL	400	1	NCD	13.5	1920.0	352.50	06/11/89	15.32	31.10	30/10/92	26/9/8
REL F CUM	100	10	NCD	15.0	3000.0	158.00	09/11/89	9.49		30/9/95	25/7/8
RELIANCE E	100	5	NCD	13.5	5335.0	79.00	10/11/89	17.09	30.4	30/6/97	28/3/8
RELIANCE F	100	10	NCD	15.0	27000.0	94.00	10/11/89	15.96	20.2,31.8	30/9/95	25/7/8
REL.PETRO B	40	10	CD	12.5	1045.0	36.50	10/11/89	13.70	31.5,30.11		11/11/8
REL.PETRO C	150	10	CD	12.5	3920.0	115.00	10/11/89	16.30	31.5,30.11	30/10/95	11/11/8
SANDOZ	100	10	NCD	13.5	69.0	90.00	25/10/89	15.00	30.6,31.12	24/4/95	17/6/8
STEELAGE	100	10	NCD	13.5	132.0	72.50	02/11/89	18.62	1.5,1.11	30/6/94	12/10/8
TATA PRESS	120	5	NCD	13.5	195.0	105.00	17/05/89	15.43	31.3,30.9	11/11/96	12/9/8
TATA STEEL	200	5	NCD	13.5	2011.0	195.00	09/11/89	13.85	1.4,1.10	1/3/92	11/9/8
TATA STEEL	600	10	CD	12.5	224.5	508.00	10/11/89	14.76		1/8/97	
TATA STEEL	1200	10	CD	12.5	257.1	1055.00	10/11/89	14.22		1/8/97	
TATA UNISYS	100	10	CD	12.0	250.0	77.50	08/11/89	15.48	1.1,1.7	30/6/98	7/12/8
TTTAN WATCH	200	10	NCD	13.5	1312.0	172.50	10/11/89	15.65	15.6,31.12	5/3/97	21/11/8
TTK PHARM	100	10	NCD	15.0	143.0	95.00	09/11/89	15.79	30.5,30.11	1/3/92	16/5/8
TWENT CENT	100	5	NCD	13.5	300.0	85.00	17/08/89	15.88	30.4,31.10	23/8/90	12/10/8
UNITECH	100	15	NCD	15.0	264.0	82.50	02/11/89	18.18	30.6,31.12	25/4/94	12/12/8
UNIV LUGGAGE	100	10	NCD	15.0	144.0	72.50	08/11/89	20.69	1.6,1.12	26/3/96	8/11/8
USHA MARTIN	100	5	NCD	13.5	934.0	75.00	08/11/89	18.00	31.3,30.9	29/10/95	1/9/8
V.I.P. IND	100	10	NCD	15.0	960.0	82.50	10/11/89	18.18	31.1,31.7	22/4/93	29/6/8
VARELI TEXT	100	10	NCD	15.0	862.0	80.50	08/11/89	18.63	31.3,30.9	30/6/93	9/9/8
VARUN SHIP	100	10	NCD	15.0	175.0	84.00	09/11/89	17.86	31.5,30.11	20/8/93	17/11/8
VOLTAS	300	1	NCD	15.0	900.0	290.00	04/04/89	15.52	28.2,31.8	1/3/91	1/12/8
VOLTAS	150	2	CD	13.5	300.0	132.50	18/10/89	15.28	30.6,31.12	30/6/91	1/12/8
W.I. ENTER	100	5	CD	15.0	615.0	87.50	09/11/89	17.14	1.10,1.4	12/6/95	16/9/8
ZENITH	90	10	NCD	13.5	480.0	77.00	09/11/89	15.78	1.5,1.11	20/7/92	20/9/8

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.
 Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.
 The fact that the debenture market is generally active can be surmised from the dates of last business done. Hence readers are advised to seek suitable professional advice before deciding.
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The winning duo

For the fourth consecutive time we have winners. Two young contestants, Santosh Telang (21) and S.M. Chauhan (22) triumphed in the contest which appeared in our issue dated October 16-29, 1989. They will share the prize money equally. Incidentally, both winners are from Bombay.

Given below is a new list of six scrips, and their closing prices on 28 November 1989. Pick the share that you think will rise the most, in percentage terms by 22 December 1989 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 22 December 1989. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course your last rank will be five).

Rules:

1. There is no entry fee.
2. The price mentioned last in the official quotation list of the stock exchange will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.
3. Entries must be on the printed form given below. Any other entries will be disqualified.
4. Only one entry will be permitted per form.
5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 18 December 1989.
6. **Business India's** decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.
7. The contest is open only to residents of India. No employee (or any direct relation or an employee) of the **Business India group of publications** is entitled to enter the contest.
8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Tuesday 28 November 1989 (Rs.)	Rank as on Friday 22 December 1989 (please fill in number)
East Coast Steel	22.00	
Escorts	76.00	
Excel	170.00	
Special Steels	112.50	
SPIC	50.50	
Warren Tea	167.50	

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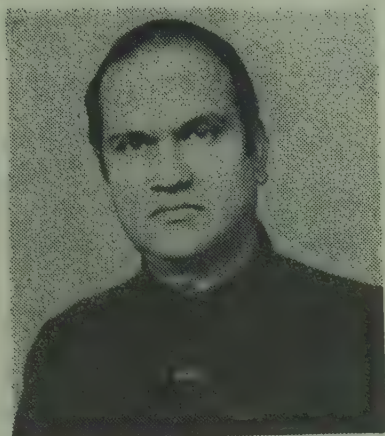
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TIRUPATI TEXKNIT LIMITED

Chairman's speech delivered at 10th Annual General Meeting at New Delhi



Rikhab Chand Jain

T.T.

Knits Future of Knitting Industry

Ladies and Gentlemen,

It gives me great pleasure in welcoming you to the tenth **Annual General Meeting** of your Company. From the audited accounts and Auditors' Report and the Report of the Board of Directors, you must have noticed remarkably excellent performance. Financial results have made it **possible to recommend 18% dividend**. At the same time your Company has proposed that subject to the consent of Controller of Capital Issues two bonus shares for every five shares hold would be issued.

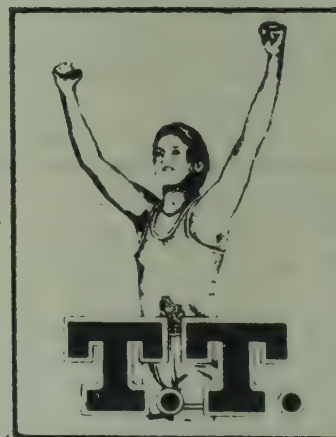
Future outlook is very bright. Your Company has already launched a massive marketing plan for penetrating into domestic market throughout the country and to enter into exports field in a big way. Production expansion, Modernisation and product diversification plans have been taken in hand so that your company can achieve a very ambitious turnover. Market possibilities are unlimited and **T.T. can knit its future through knitting a strong Marketing Network. Indeed Sky is the limit.**

Brassiers, Panties, T. Shirts, Casualwear, Socks, infant wear, handkerchiefs, sports shirts and sports drawers are some of the new products your Company is introducing in the market. Geographically T.T. brand intends to serve its fans all around the four corners of India. Distribution Network is being sufficiently enlarged to meet this marketing challenge

Technological upgradation, Product Diversification, Marketing expansion, continuous raising up of quality standards and striving for consumer satisfaction would be the basic guidelines to be followed by your Company in knitting the shape of future of the Knitting Industry in India for the future of yourselves, your Company and your Country.

Your Company is already chalking out programmes to celebrate in 1992 in a big way **25 Years of T.T. Brand's Clothing Service** to the nation along with the **First centenary celebrations of Knitting Industry** in India as proposed by me to the Knitting Industry's Fraternity including Federation of Hosiery Manufacturers Associations of India.

Let us then then go ahead with our knitting faster than before, better than ever and knit together T.T. users in a cohesive bond of Indian Nationality.



Note : This does not purport to be a record of the proceedings of the Annual General Meeting.

Success on stream

Rajat Gupta, 40, is director of McKinsey and Co, Chicago



Rajat Gupta was pleasantly surprised to find that his first assignment at McKinsey & Co wasn't too difficult. "It was a purchasing operations assignment for a large chemical company," remembers Gupta, "I used to get home in the early afternoons and think it couldn't all be that easy."

Maybe it was, going by the speed with which the unassuming Gupta scaled the ladder of power at this giant consulting firm. Now, as director of the prestigious Chicago office of the New York-based management consultancy, he oversees 60-odd people, and is only a step away from the top job of chairman and managing director. Two years ago, at 38, he was the youngest of four finalists considered for this post.

With 43 offices in 21 countries, McKinsey does business worth \$ 800 million every year advising corporations around the globe on strategy. "Our largest client base is in the US and Western Europe," he explains, "and a large part of the D's job is to represent McKinsey to them."

Fitting tribute. For Gupta, heading McKinsey is a fitting tribute to a career

most executives only dream of, a career that has taken him from New Delhi's Indian Institute of Technology to Chicago's downtown Loop business district, Lake Michigan. "It has a lot to do with being in the right place at the right time," says Gupta.

A mechanical engineering graduate from IIT, Gupta did a masters in business administration on a scholarship at Harvard Business School. At 24, he joined McKinsey in 1973 in New York, "a stimulating, problem-solving job where you always went on to new challenges."

Onward he moved to Europe, to head the company's operations in Scandinavian countries. "The McKinsey office in Copenhagen was very successful," says Gupta. "In four or five years, we went from twenty to over a hundred consultants. It was, at one point, the most successful office in the world."

How did Gupta fare so well? "If anything, I attribute my success to being a good people developer," he says, "I like to think of myself as not very ambitious, but I imagine I am," admits Gupta. On his return from Europe, he became a senior partner. Two years later, he was elected to the board of directors of the company making him eligible to evaluate consultants worldwide.

Indian success. Gupta justifies an Indian's success in this profession. "Our education is very analytical, and that's very handy. Then, most Indians have a sense of self-assurance and confidence that serves them well in a client service business and allows them to cope with stress better than most," he says. If anything, "being Indian is an advantage because Indians have always enjoyed a great reputation in the firm," he says.

Gupta travels to India about once a year and has conducted several seminars here, but his personal ties are weak. Wife Anita maintains the Indian link, though, and their three daughters enjoy each visit.

Gupta has made it, and eventually, like the large group of Indians in McKinsey, would like to see the company expand into India. "India may not necessarily represent a great opportunity for consulting for many years to come," says Gupta, "but we would like to be positioned in a country that, 20 years from now, will be a major factor in the global economy." But, Gupta admits, active participation in Indian business is "fraught with difficulty because of regulations".

FRONT RUNNERS



At 35, **Anil Sachdev**, general manager personnel, Eicher Good-earth, has practically seen it all. First as manpower development officer at TELCO in his hometown Pune, there was "the excitement of setting up a truck plant". In 1978, the MBA in organisational behaviour from Pune University moved to Delhi and Eicher.

Sachdev's achievements include the Atma Sarogi award for the best manager in 1986, being part of a study mission to Japan and chairing the HRD committee of CEI (Confederation of Engineering Industry). Sachdev who is much taken up with the Japanese way, is also working on a programme with the IIM, Lucknow, whose focus is bringing managements and unions together. Sachdev's interests also extend to the spiritual. He works in his off hours as secretary of the Chinmaya Mission.

NAK



What Rajeev Bakshi appreciates most about Lakme is the high degree of flexibility that it gives its employees. Bakshi, 32, is marketing manager in the

cosmetics division of the company and handles advertising, market research and new product development. "Everything but pure sales and distribution," he says.

Bakshi who graduated from IIM, Bangalore, joined Lakme in 1979. He feels he has significantly increased the pace of activity especially in the area of new product development. Over the last 18 months, he has launched or re-launched 5 products, with one more on the way. But what is the impact on Lakme's bottom line? All Bakshi is willing to say is that none of the products have bombed. Also over the last two years the turnover of the cosmetics division has gone up from Rs.23 crore to Rs.40 crore.

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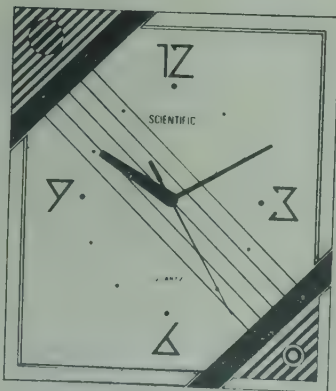
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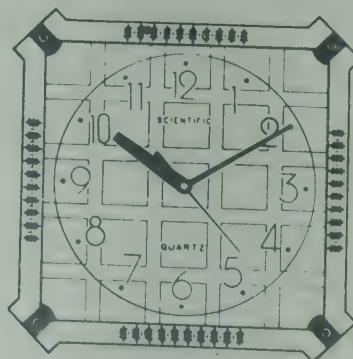
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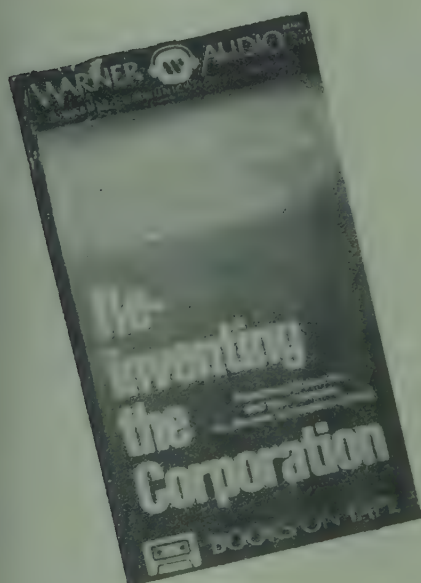


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From greenbacks to grey matter



REINVENTING THE CORPORATION
by John Naisbitt and Patricia Aburdene
Warner Audio New York,
Price Rs.135 (India Book Distributors)
Time:45 minutes

For people who don't have the patience for books, there is now a way out: books on tape. Books which state the bare essentials and can be read in just under an hour. Like this 45 minute one by John Naisbitt, corporate consultant and best-selling author of *Megatrends*, and Patricia Aburdene. Though the price may seem steep for a cassette, considered against the cost of paperback it seems affordable.

This time, Naisbitt singles out and dwells on one of his own forecasts: the movement towards an information society in which the computer plays a central part. The spoken text — the voice-overs being provided alternately by both authors — is interspersed with music to indicate breaks between the introduction and the main body. The format adopted is that of an interview, with questions being posed by a reporter and the authors answering them.

Shift developing

The book focusses on the human resource element in corporations and how it can provide that competitive edge. The skilled worker and his/her creativity is the driving force in any company. In the light of this insight, pressures are building, say the authors, for adopting new

approaches. There is a shift developing, they say, from money in the bank, to developing a company's talent bank. From greenbacks to grey matter. The authors seek to define the forces behind the shift.

The interviewer begins by posing the question that if the present corporate structure and system has survived two world wars and the Atomic Age, why are the authors proposing a shift?

As we move to an information society, answers Aburdene, the strategic resource, which was money is now knowledge and creativity. Formerly, the man at the top could, for instance, instruct his sales managers to go around and collect information from branch offices. The same information can now be obtained by simply pressing a button. Thus, middle management is being "whittled away".

The labour market, too, is no longer biased towards employers but towards workers. In the US, for instance, during the last two decades there used to be four or five applicants for every job opening. Now four or five companies are chasing one skilled person.

Given this scenario, the corporation has little choice but to reinvent itself in order to cope. Corporations competing for skilled labour will have to take into account what workers seek for personal fulfilment.

How will the new model corporation restructure itself? One way would be through a strategic vision which strikes a judicious balance between being pro-profit and pro-people.

New corporate structures

General Motors could be cited as an example. By going out on a limb, GM is well into the process of reinventing itself. With its recent acquisitions, it is transforming into the new prototype of an 'industrial/information company'. More concretely, what specific steps need to be taken to make this vision a reality? Answer: Question age-old methods and be prepared to experiment with new corporate structures.

One such innovation is the "small team". By discarding the old hierarchical mode people are brought together in a non-authoritarian, small-group structure, with each person getting a chance to con-

tribute. Small teams should ideally be cross-disciplinary: include representatives from marketing, finance, research, production, etc.

Another innovation is that of partnership and fellowship options, taking a cue from law firms and accounting firms. Businesses are saying, "we are all partners" and there are no complicated job titles. A base salary is determined but the balance of a person's income depends upon the individual contribution, e.g. additional business or new clients brought in.

On guidelines or milestones a chief executive should look for, the authors say that the corporate leader should ask how a nourishing environment for personal growth can be created within the company. For example, putting juniors and seniors to work together permits cross-fertilization of ideas and experience. Restructuring work schedules can also provide a much-needed stimulus. A sabbatical policy, where after five years an employee can take six months to year off at half pay, can be rejuvenating.

Indeed, in an information society, the manager does not manage the staff but actually manages an environment. Instead of being the one who knows what to do, and has all the answers, he is one who creates and sustains a nourishing environment, as mentor, coach, advisor. There is an important shift in his role now, from manager as order-giver to that of facilitator.

Pertinent question

The interviewer in the book, often playing the devil's advocate, asks a pertinent question. What about the bottom line? Doesn't money make the mare and managers go? After all, people have a family to support and lifestyles to maintain. The authors' answer is resoundingly negative. Motivations are a mixture of money, psychic ownership and, even, literal ownership of the company. To the latter end, a stock option plan, bonuses as reward or quicker than once-a-year increments are recommended. While personal salary would be a small component, stock for every person (or profit sharing for everyone), incentive pay etc, combine to make a more fulfilling pay.

The hierarchical, authoritarian corporation is an entity of the past. Corporate structures are getting increasingly horizontal to provide room for the human spirit to best express itself.

ARUN BHATIA

From controlling the country's espionage operations to renting out cars may seem a bit of a let-down, but **Rameshwar Nath Kao** is taking on his new assignment with characteristic elan. The former chief of the dreaded Research and Analysis Wing



medal winning long distance runner; the 34 century scoring test cricketer Sunil Gavaskar; the first Indian to win the amateur billiards title, Wilson Jones; Puneit and Sanjyot Kulkarni, the world's tallest couple; Sridhar Chiral, the man with the 4.05 metre long finger nails; Pranlal Bogilal who owns 176 vintage cars; Jagdish Raj, who played police officer in 144 Hindi films; Amin Sayani who's compered over 10,000 commercials and Lata Mangeshkar, the singer who's had the largest number of recorded songs to her credit. All of them, along with many others make an appearance in the book which is the first exclusively devoted to Indian record breakers.

Missing, no doubt, from the function was anyone from the Ambani family, though Reliance makes an appearance in as many as six places — company with the largest number of shareholders; largest rights equity issue; maximum debenture holders; largest convertible debenture issue and largest non-convertible debenture issue; and highest quotation of a non-convertible debenture.

An entry that Chauhan claims he left out was his own. "Having released this book is itself a record," he says, "We thought of it four years ago and have been working on it ever since."

And predictably, Chauhan's close friend and the man who is a holder of several records himself, the painter M.F. Hussain did his bit at the function. He signed the first copy that was released by the chief guest Lata Mangeshkar. The copy was later auctioned and fetched Rs.1.2 lakh. The buyer — Bombay's popular restaurateur — Nelson Wang, claimed that he bought it only because the money was being donated to Mother Teresa.

After two and a half years of selling mainframes for a computer company and a consultancy stint with Good Relations, the Taj group-owned PR outfit, walking down the ramp should be a piece of cake for **Sheena Singh**. So what if the 'catwalk' is a haute couture salon in Paris and the designer, none other than Yves Saint Laurent? After being selected from a host of

hopefuls, Singh quite naturally has the supreme confidence to carry it off. But then, there's much more to her than just exquisite bone structure. Singh schooled briefly in London, went to college in Moscow and finally wound up, as army children do



(RAW), who went into oblivion after mentor Indira Gandhi's death, has suddenly re-surfaced to head the Indian operations of the American giant, Budget Rent-A-Car. But then, Kao is known to have followed a variety of professions. He was a lecturer in English literature at Allahabad University and an officer of the Indian Police Service before embarking on a successful career in spying. What is surprising, however, is that Kao is embarking on a new career at the ripe old age of 75. Or is it that, like George Smiley, spies never retire — they just take on a new assignment?

The biggest *barfi* ever made (16 feet long and weighing 220 kilos), the largest *jilebi* ever fried (2.5 feet in diameter) and the biggest *naan* ever baked (5 feet long), greeted the largest ever collection of celebrities for the fortnight at the party on 22 November to celebrate the release of the Limca Book of Records at the poolside of Bombay Taj Mahal hotel. **Ramesh Chauhan**, the Cola czar whose company Bisleri Beverages, brought out the book, had managed to get together an unusually large number of achievers — Edward Sequeira, the 28 gold



pursuing an MBA course in Chandigarh university.

From management to modelling seems quite an about-turn. But Singh knows what she's about. "If I make a lot of money modelling, I'll know how to manage my finances," says the lady airily.

In this age of high profile women achievers, the elevation of yet another to a plum posting may not call for a round of applause. But when a typically male bastion — the CEO's chair in a public sector undertaking — falls to a woman, it does call for special celebrations. Especially when the personality in question happens to be **Lakshmi Menon**. Appointed chairman and managing director of the Madras-based Hindustan Teleprinters Limited (HTL) recently, the general manager of Videsh Sanchar Nigam Limited brings to her new job all the valuable experience she gained as an engineer at her previous places of work, Doordarshan and All India Radio. If she manages to bring to her new job the precision and discipline associated with the engineering profession, then Menon just might manage to take HTL beyond its 1987-88 PAT figures of Rs.1.84 crore.

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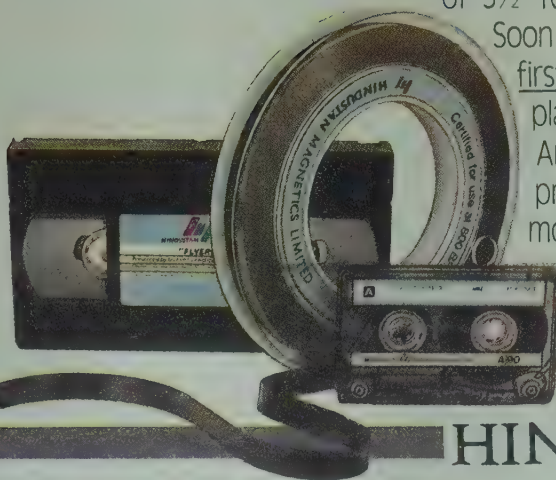
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Panic recruitment

With the recruitment market booming and headhunters available by the dozen, the temptation is great for top management to constantly search for "talent". Almost every company has entertained headhunters at some time or the other to ascertain "what is available" or to find talented managers. With the attendant danger that an unsuspecting manager is tempted to accept what appears to be a lucrative offer, a rare growth opportunity, and find the reality quite different.

It is an amazing fact that a large number of recruitments are "panic" or "trial" recruitments. This is especially so when a company or operation is not performing as per expectations. The first reason ascribed in such situations is failure on the part of the operating head or key managers. However, often enough, this may just be an incidental reason. The operation may suffer from a deeper malaise such as fundamental unviability. Such issues may remain unaddressed in putting blame on the personnel.

In such a situation, managements try to change or induct a new team without much thought about the current managers or thinking out their organisational requirements in detail. There is a general feeling that "we should have a good marketing guy or a bright MBA" to galvanise the operation or turn the operation around. Or that the quality of the existing managers is inadequate and hence new ones should be hired. Soon, the headhun-

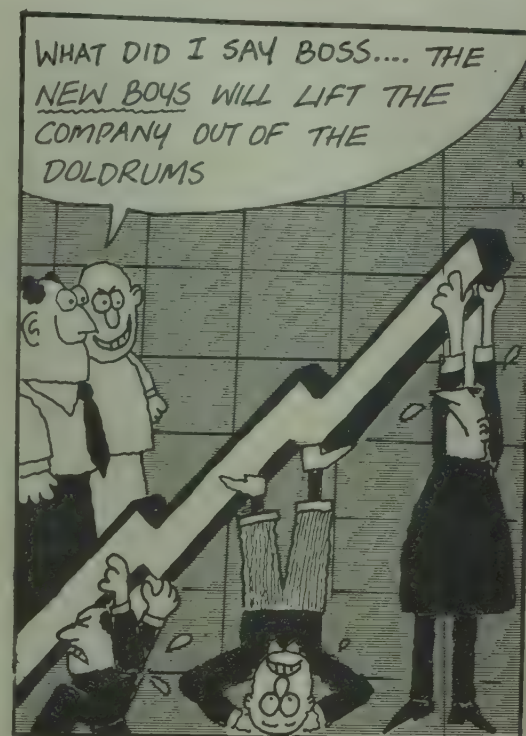
ters are called in. Their brief is often sketchy at best and relevant details of the organisation's problems are not mentioned. And it is left to the contacts and skill of the headhunter to attract suitable managers.

Taken in

Another very common ploy to turn a sick company around is to recruit top notch professionals. Managers from staid, blue chip companies get taken in by the "excitement" and the possibility of personal prestige that success in such a task could bring. Unfortunately, many such hapless chief executives realise soon enough that it could take a very long time to bring the company out of its difficulties, if at all. And in the meantime, the daily grind of organising money, facing irate creditors, holding on to managers, and just keeping a basic level of activity going in the operation, could make all the money and perks chief executive no compensation at all.

The moral is that details of a company's operations, especially the financial situation, should be investigated thoroughly. And, as many naive managers have learnt the hard way, balance sheets or share market prices are not necessarily a reflection of the company's financial position.

Recruitment for diversification projects that are unrelated to the company's existing business can often enough be the Waterloo for bright managers, especially if they are not from the specific industry. Of-



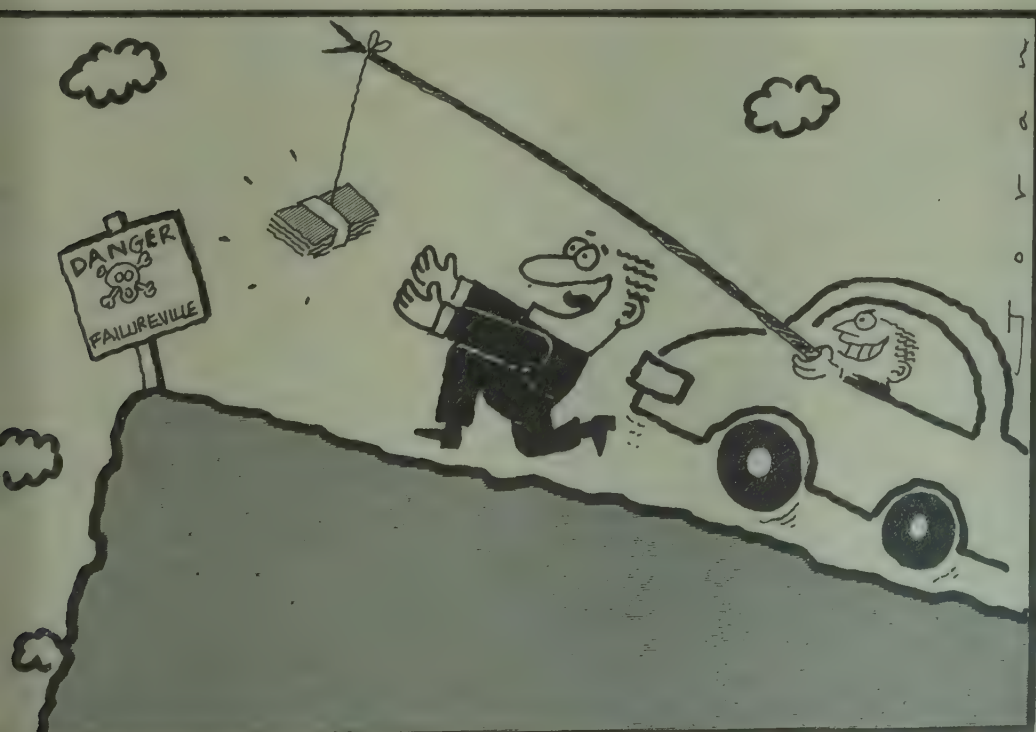
ten, the promoting company knows virtually nothing about the proposed project and an unsuspecting chief executive might find himself heading a dud project and could end up closing down the operation rather than setting it up. Unfortunately, such instances have been somewhat more common in the so called professional companies.

Sure indicators

Therefore, before managers take the proverbial leap, it is necessary for them to ascertain the reasons why the recruitment has been initiated and the number and levels at which recruitments are being made. A large number of recruitments for the same company is often a sure indicator that something is amiss (unless it is for a totally new project). The company has a large turnover either due to an unfavourable work environment, or due to financial problems.

Sudden recruitments at senior levels in an otherwise stable company must always be viewed cautiously — especially when there is already an incumbent — for possible indications of a management rift or anticipated sale of the company. In such situations, managements often bring in outsiders as a panic solution to a deepening crisis in organisational politics.

In a market where aggressive selling is the rule of the game, the onus is clearly on the job hopping manager to look as carefully as possible before he leaps, so that he does not end up messing his career.



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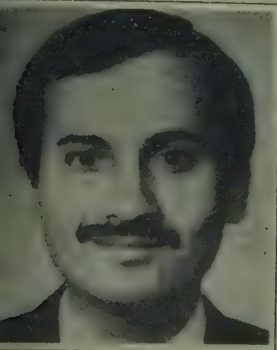
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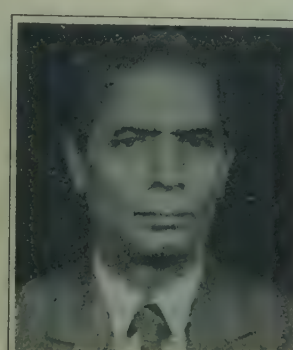
P. N. Yargop has been appointed vice-president, planning and development of the Standard Batteries Ltd.



Amrik Singh has been promoted to the position of sales manager at Quality Inns India.



G.S.R.K. Rao has been appointed general manager of the Credit Rating Information Services of India Ltd.



T.M. Chickabasaviah has taken over as executive director of Khetni Copper Complex (Rajasthan).

K. Janaradanan has taken over as general manager (finance and accounts), Central Marketing Organisation, SAIL, Calcutta. **A.N. Dutta** has taken over as additional general manager (alloy steels division), while **U.K. Mittal** has taken over as additional general manager (home sales).

S.K. Roy has been appointed executive director of Gontermann Peipers (India) Ltd.

Chandra Prakash Mehra has been appointed director, of United Bank of India.

S.K. Banerjee has been promoted as general marketing manager (west) of Indian Iron and Steel Co. Ltd.

V.P. Sardana takes over as general manager (works) Burnpur Works, Indian Iron and Steel Co. Ltd.

R.R. Bajaj has been appointed managing director of the Otis Elevator Company (India) Ltd.

P.N. Devaya has been appointed general manager of Apple Industries Limited.

D.K. Rao has been appointed honorary consultant surgeon to K. Brahamananda Reddy, governor of Maharashtra.

Balkrishna Agarwal has been appointed chairman, Indraprastha Setkari Bank Ltd, New Delhi.

R. Rajendran has been elected vice president, Indian Charge Chrome Ltd.

S.P. Prothia has taken over as executive director, (works) Boharo Steel Plant.



C. Dutta has been appointed chief executive of M/s Alwbex Metals (P) Ltd, Jodhpur on 9 November 1989.



Kushal N. Desai has been appointed executive director of M/s Apar Ltd.



N.K. Ambwani of Johnson and Johnson has been appointed managing director of Johnson and Johnson, Indonesia.



Jagdish M. Mehta has taken over as chief executive of the National Rayon Corporation Ltd, Bombay.

ASSOCIATIONS

Logilal N. Kothary has been re-elected chairman of the Synthetic & Rayon Textiles Export Promotion Council while **Chayakumar S. Chistiwal** has been re-elected vice-chairman.

K. Agarwal has been elected chairman of the Bright Steel Manufacturers Association of India.

V. Mariwala has been elected president of the Vegetable Oils Association of India. **G.B. Lawla** becomes its vice-president.

Kisan Mehta has been re-elected president of the Bombay Telephone Users Association, while **Anandini Thakor** has been re-elected vice-president.

A. H. Dalal has been elected president of the Institute of Chartered Accountants of India.

Ramu S. Deora has been re-elected president of Federation of Indian Export Organisation.

A.V. Haribhakti has been elected president of Institute of Internal Auditors, India.

S.N. Chopra sericulturist and textile technologist has been elected director of the Association of Merchants and Manufacturers of Textile Stores and Machinery (India).

O.P. Malhotra has been re-elected chairman of Indian Chemical Manufacturers Association.

Rajendra Kumar Nangalia has been elected honorary secretary of Bharat Merchants' Chamber.

Madanlal Mehra has been unanimously re-elected chairman of the Indian Silk Export Promotion Council.

Nayar C. Parikh has been elected president of the Bombay Chartered Accountants' Society for the year 1989-90.

Vummidi Nandagopal has been elected president of Hindustan Chamber of Commerce, Madras for 1989-90.

Senior executive positions

NATIONAL

- GENERAL MANAGER (Foreign Trade) * NS * Sal Rs.80,000 to 90,000 pa * Age/Qlfn Should be below 50 years * NS * Req'd 10 years experience with in depth knowledge of import/export policy * Cont Box J 057-K, Times of India, Bombay 400 001 (ToI—15.11)
- EXECUTIVE DIRECTOR * NS * Sal Attractive * Age/Qlfn 40 years * CAs/MBAs (Finance Specialisation) * Req'd Experience in cotton textile industry * Cont B.R. Grover, Director—Personnel, Dalmia (Bros) Pvt Ltd, 1st Floor, Devika Tower, 6 Nehru Place, New Delhi 110 019 (BI—13.11)

WEST

- SENIOR VICE-PRESIDENT (Construction/contracts) * Bombay * Sal No constraint * Age/Qlfn NS * Graduate engineer (preferably mechanical) * Req'd 15-20 years experience in the mechanical construction projects of piping, petrochemical projects etc * Cont Box J 038-K, Times of India, Bombay 400 001 (ToI—13.11)
- MANAGING DIRECTOR * Bombay * Sal Very attractive - housing * Age/Qlfn 45 years * NS * Req'd Responsible for profitability of medium to large scale organisation with multinational experience * Cont A.F. Ferguson Associates, PO Box 1786, Bombay 400 001 (BI—13.11)
- GENERAL MANAGER (Works) * Thane * Sal Attractive * Age/Qlfn NS * BE or a diploma engineer in mechanical engineering * Req'd 3 to 5 years experience * Cont Assistant Manager (Tech), Box J042-K, Times of India, Bombay 400 001 (ToI—14.11)
- QUALITY ASSURANCE MANAGER * Bombay * Sal Attractive * Age/Qlfn Mid 30's * M.pharm/B.Sc (Tech) with specialisation in drug analyses * Req'd 10 years experience in pharmaceutical quality control * Cont General Manager (Human Resources), Rallis India Limited, 21 Damodardas Sukadvala Marg, Bombay 400 001 (ToI—14.11)
- GENERAL MANAGER (Finance) * Bombay * Sal Attractive * Age/Qlfn 40-45 years * CA or Cost & Works Accountant * Req'd Senior level experience of at least 10 years in a reputed company * Cont R. Banerjee, Consindia Pvt Ltd, Anand Ashram, 2nd Floor, 22 Pandita Ramabai Road, Gamdevi, Bombay 400 007 (BI—13.11)
- CHIEF EXECUTIVE * Bombay * Sal Attractive - housing - perks * Age/Qlfn NS * NS * Req'd NS * Cont Box No 602, C/o The Hindu, Madras 600 002 (H—7.11)
- VICE-PRESIDENT (Exports) * Bombay * Sal Attractive * Age/Qlfn 35-40 years * MBA or with Degree/Diploma in Export Management * Req'd Experience of 10-15 years in senior level with knowledge of foreign languages * Cont Chander Batheja, Chief Executive, The Concept, Counsel of Management Services, 67 White Hall, 143 August Kranti Marg, Bombay 400 036 (ToI—6.11)

NORTH

- VICE-PRESIDENT (Smelter)/VP (Alumina Plant) * North India * Sal Attractive * Age/Qlfn NS * Req'd Sound engineering background and administrative ability * Cont B.P. Agarwal, Chairman, ABC Consultants Private Limited, 43/3 Hazra Road, Calcutta 700 019 (ToI—6.11)
- DIRECTOR (Finance & Administration) * New Delhi * Sal Rs. 78,000 pa * Age/Qlfn Below 50 years * Management/Chartered Accountancy/Cost Accountancy * Req'd 20 years experience in finance/personnel and administration * Cont B.P. Mishra, Secretary, P&SB Block No. 141, 5 floor, CGO Complex, Lodhi Road, New Delhi 110 003 (H—9.11)

A compilation of executive positions advertised in **Business India** and other major publications between 6 and 19 November 1989.

EAST

- GENERAL MANAGER (Works) * Near Calcutta * Sal NS * Age/Qlfn NS * Graduate Mechanical Engineer * Req'd 15/20 years experience in fabrication and manufacturing of railway rolling stocks pressure vessels * Cont Personnel Manager, Texmaco Ltd, Calcutta 400 055 (ToI—8.11)

SOUTH

- VICE-PRESIDENT * Madras * Sal NS * Age/Qlfn 45 years * NS * Req'd 15 years experience in Human Resources Development at a senior level * Cont The Managing Director, Sundaram-Clayton Limited, Jayalakshmi Estates, 8 Haddows Road, Madras 600 006 (H—11.11)
- DIRECTOR * Vishakapatnam * Sal Rs. 102,000 pa * Age/Qlfn Not exceed 55 years * Naval Architecture/marine engineering * Req'd Minimum 18 years experience * Cont The Chairman, The National Ship Design & Research Centre, 9 Floor, LIC Building, Jeevan Prakash Road, Vishakhapatnam (ToI—13.11)
- PRESIDENT * Madras * Sal Rs. 300,000 pa * Age/Qlfn 45-50 years * NS * Req'd Total Business Manager with entrepreneurial capabilities * Cont ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 600 034 (BI—13.11)

OVERSEAS

- GENERAL MANAGER * Muscat * Sal Attractive * Age/Qlfn 35 to 45 years * NS * Req'd Experience in general management * Cont SABCO LLC, PO Box 6779 RUWI, Sultanate of Oman (ToI—12.11)
- GENERAL MANAGER (2) * Nigeria * Sal Attractive + house + car + benefits * Age/Qlfn Around 40 years * Graduates (ideally engineers) with post graduate qualification in business management * Req'd Experience at senior level, preferably in steel industry * Cont Datamatics Staffing Services, Post Box No. 106, GPO Bombay 400 001 (ToI—12.11)
- GENERAL MANAGER * Dubai (UAE) * Sal Attractive * Age/Qlfn NS * Graduate engineer/post graduate management * Req'd 10 years of experience at senior level * Cont Deputy Manager, Personnel & Administration, Jumbo Electronics, PO Box No.3426, Dubai (19.11)
- CHIEF EXECUTIVE * Uganda * Sal Excellent terms * Age/Qlfn NS * NS * Req'd 10-15 years of experience of industries engineering/finance/marketing * Cont Wade Word Grade (India), 101 Anand Apartments, Opp. Standard Batteries, Bullsroyce Colony, Vakkol Santacruz (East), Bombay 400 055 (ToI—19.11)

Executive positions

NATIONAL

EXPORT MANAGER * Bombay * *Sal* Excellent terms – perks * *Age/ Qlfn* 40 years * *Reqd* 5 years experience at a senior level in handling export portfolio * *Cont* Mahajam & Aibara, 1 Chhawla House, 62 Wodehouse Road, Colaba, Bombay 400 005 (ToI—6.11)

EXECUTIVE (Corporate Tax) * Delhi * *Sal* Best in industry * *Age/ Qlfn* NS * Chartered Accountant * *Reqd* 7-10 years experience in corporate taxation function * *Cont* Personnel & Organisation Manager, Food Specialities Limited, M54 Connaught Circus, New Delhi 110 001 (ToI—8.11)

EXECUTIVES (Pharma Manufacturing) * Bombay * *Sal* Attractive * *Age/ Qlfn* 28 years * Graduate/post graduate in pharmacy * *Reqd* NS * *Cont* General Manager—Personnel, Merind Limited, New India Centre, 17, Cooperage Road, Bombay 400 039 (ToI—9.11)

MANAGER (Application Development) * Bangalore * *Sal* NS * *Age/ Qlfn* NS * Graduate in chemical engineering. Post graduate qualification in engineering plastics will be added advantage * *Reqd* 5 years experience in development of product applications * *Cont* The Group Manager—HRD, SSB Industries Ltd, "Dhun Building" 827, Anna Salai, Madras 600 002 (ToI—9.11)

DEPUTY MANAGER (Quality Assurance) * Thane * *Sal* Attractive * *Age/ Qlfn* Between 30-35 years * Ph.D in organic chemistry * *Reqd* Post-doctoral experience abroad, with exposure to analytical chemistry and instruments * *Cont* The HRD Manager, Bayer (India) Limited, Express Towers, Nariman Point, Bombay 400 021 (ToI—9.11)

DEPUTY GENERAL MANAGER (Finance) * Surat * *Sal* Depends on suitable candidate * *Age/ Qlfn* 40 years * MBAs/CAs * *Reqd* 10 years experience in financial management ideally in export oriented organisation * *Cont* Central Recruitment Cell, Reliance Group of Industries, 9th Floor, Maker Chambers IV, 222 Nariman Point, Bombay 400 021 (ToI—9.11)

TECHNICAL MANAGER * Bombay * *Sal* Attractive * *Age/ Qlfn* 30 to 40 years * First class (motor) competency * *Reqd* 3-5 years experience in ashore in ship owning firm * *Cont* Personnel Manager, Essar Shipping Limited, 13th Floor, Maker Chambers IV, Nariman Point, Bombay 400 021 (ToI—9.11)

COMPANY SECRETARY * Ahmedabad * *Sal* NS * *Age/ Qlfn* NS * Should be an ACS * *Reqd* 8-10 years experience in medium/large scale company * *Cont* Vadilal Industries Limited, "Vadilal House", 30 Ambica Society, Near Usmanpura Garden, Ahmedabad 13 (ToI—9.11)

SENIOR MANAGER (Projects) * NS * *Sal* Rs.55,764 to 68,244 pa * *Age/ Qlfn* NS * First class degree in engineering, MBA * *Reqd* 15 years executive experience * *Cont* Deputy Manager (Recruitment), Gas Authority of India Ltd, Samrat Hotel, 3rd floor, Chanakyapuri, New Delhi 110 021 (H—9.11)

EXECUTIVE (Environmental Control) * Kosna, near Delhi * *Sal* Attractive * *Age/ Qlfn* Between 27-32 years * First class engineering graduates * *Reqd* 5-7 years relevant experience in environmental control procedures, familiarity with regulations and laws * *Cont* The General Manager (Personnel), Asian Paints (India) Limited, LBS Marg, Bhandup, Bombay 400 078 (ToI—10.11)

MANAGER (Technical) * Bombay * *Sal* Commensurate with qualification – car – perks * *Age/ Qlfn* Below 40 years * Degree in Mechanical/electrical/marine engineering with first class MOT certificate * *Reqd* Experience in relevant sea service as chief engineer and around 3-5 years in a shore based position * *Cont* Group General Manager (Shipping), Larsen & Toubro Limited, L&T House, Narottam Morarjee Marg, Ballard Estate, Bombay 400 038 (H—11.11)

TOI — Times of India; IE — Indian Express; H — The Hindu; S — Statesman; HT — Hindustan Times; ET — Economic Times; Econ — Economist; BI — Business India

• **MANAGER (Plant)** * Panjim, Goa * *Sal* NS * *Age/ Qlfn* 38-45 years * Graduate Mechanical Engineer * *Reqd* 15 years techno-commercial experience, 5 years senior management background * *Cont* Corporate Advisor (HRD), IFB Industries Limited, 14 Taratolla Road, Calcutta 700 088 (S—12.11)

• **MANAGER PRODUCTION** * Calcutta * *Sal* Rs 22,920 pa * *Age/ Qlfn* 40 years * 1 or 2 degree in textile technology * *Reqd* At least 8 years experience in production of cotton/silk/polyester products * *Cont* Managing Director, West Bengal Handloom & Powerloom Development Corporation Limited, 6A Raja Subash Mallick Square, Calcutta 700 013 (S—12.11)

• **EXECUTIVE ADMINISTRATOR** * Bombay * *Sal* Good * *Age/ Qlfn* 30-35 years * BCom/BSc * *Reqd* 4-5 years experience in commercial functions, thoroughly conversant in central excise & customs procedures * *Cont* Vice President, Zhor Industries, 392 Veer Savarkar Marg, Bombay 400 025 (ToI—18.11)

OVERSEAS

• **PROJECT MANAGER** * Saudi Arabia * *Sal* NS * *Age/ Qlfn* Civil Engineer or Architect Ph.D./Masters Degree * *Reqd* 10 years experience in projects such as hospital, fivestar * *Cont* General Manager, PO Box 55093, Riyadh 11534, Saudi Arabia (H—11.11)

• **MANAGER (Tyre division)** * Oman * *Sal* Attractive – Gulf perks * *Age/ Qlfn* NS * NS * *Reqd* 5 years senior level experience in management or sales in tyre industry * *Cont* Anand & Associates, 109 Bajaj Bhawan, Nariman Point, Bombay 400 021 (ToI—12.11)

• **FINANCE MANAGER** * Muscat * *Sal* Attr – house – car, air passage – perks * *Age/ Qlfn* Around 38 years * Chartered Accountant * *Reqd* 12 years of experience with 5 years in a senior position * *Cont* Administration Manager, Suhail & Saud Bahwan (Business Division), P O Box No 169, Muscat, Sultanate of Oman (ToI—12.11)

• **PRODUCTION MANAGER** * Nigeria * *Sal* Rs. 200,000 pa * *Age/ Qlfn* NS * Degree in mechanical engineering * *Reqd* 10 to 15 years experience * *Cont* S.B. Billimoria & Co, 113 Mahatma Gandhi Road, Bombay 400 023 (ToI 12.11)

• **TECHNICAL MANAGER** * Muscat * *Sal* Rs.270,000 to 300,000 pa – perks * *Age/ Qlfn* NS * Mechanical graduate/Post graduate engineer * *Reqd* 15-20 years experience in similar. Exposure to financial assets for profit centre management * *Cont* The Deputy General Manager, ELCO Industrial & Trading Co Ltd, PO Box 4673, Ruwi, Sultanate of Oman (ToI—19.11)



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All India Management Association
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Polymer Unit

Giriraj Apartment, Race Course Circle, Baroda - 390 015

ANOTHER BREAKTHROUGH

• Rights Issue of fully convertible debentures of Jindal Strips Ltd. open from 7/11/89 to 9/12/89 •

FOR FURTHER INFORMATION
CONTACT
JINDAL STRIPS LTD.

INDUSTRIAL DEVELOPMENT BANK OF INDIA

Y JINDAL

**World-standard sponge iron
made with technology that's
totally indigenous.**

Great deeds are the work of those who look for challenges, who strive ceaselessly, who actively pursue the discovery of breakthrough products and processes.

In steel, Jindal is one strong example. Jindal has developed on its own the technology to manufacture sponge iron in India. The Jindal sponge iron plant is under construction at Raigarh, Madhya Pradesh.



Pilot plant at Hissar

This is just one instance of breakthrough Jindal R & D and technology at work.

Other Jindal breakthroughs include: a fully integrated stainless steel plant, large diameter submerged arc welded steel pipes, ferro-chrome and direct strip casting of aluminium. Jindal. Looking for challenges. And meeting them. With skill and determination. Ahead of the rest.

JINDAL

Where there's a challenge, there's Jindal.

ferro-chrome • Stainless steel plates sheets & coils • Cold rolled M.S. sheets & coils • Carbon steel plates
• Large diameter submerged arc welded steel pipes • Aluminium sheets and coils • Paints • Tea

What did the Khajuraho
Surasundari say to the Skypak Man?

"You've roamed the world...
tell me, did you see
any woman more beautiful than I?"



We'll deliver. Wherever on earth. **SKYPAK** The worldwide couriers.
Skypak House, Off M Vassanji Road, Marol, Andheri (E), Bombay 400 059.

VICE PRESIDENT (MARKETING)

CONSUMER PRODUCTS

Bombay

Excellent salary package

An European multinational company, which is known for its marketing strengths and is a market leader for its principal products, wishes to recruit an outstanding marketing professional for its Indian joint venture. The venture will manufacture and market an innovative range of internationally established branded consumer durables.

The incumbent would be overall responsible for the marketing and sales function. His responsibilities would include developing and implementing marketing strategies and plans (including launch of a range of products), establishing and controlling sales and distribution infrastructure and achievement of business objectives in terms of market share/growth etc. The incumbent would need to closely interact with senior marketing staff of the parent company. Prospects of further growth to general management are good.

Applicants should preferably be MBAs with atleast 10-15 years experience in marketing and sales of branded consumer products (preferably durables) with a successful track record.

Preferred age: 35 - 40 years.

An excellent compensation package, (including housing and car) would be provided.

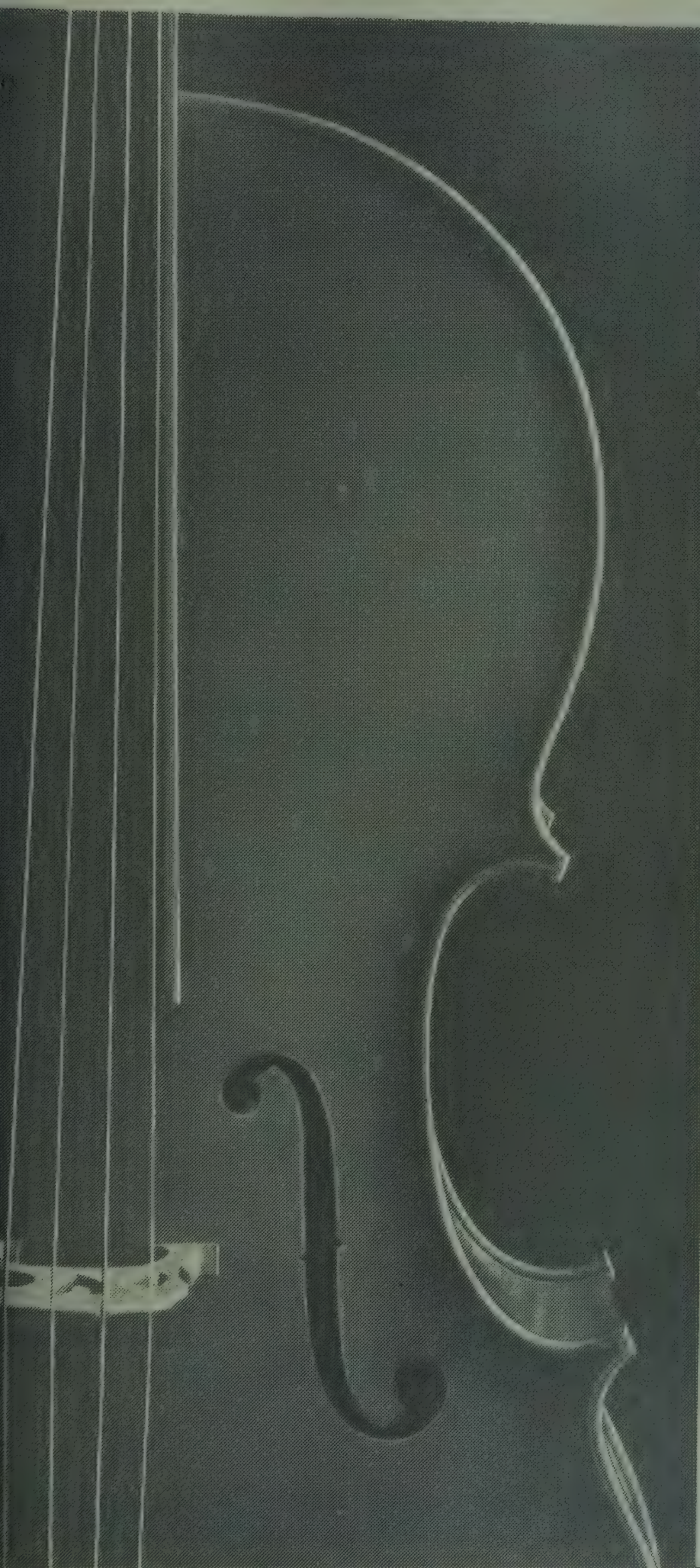
Please apply in strict confidence, within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/5291'. Candidates not contacted within three months of application may assume that they are not being considered.



**If you can
nurture talent
and help it grow
to perfection.**



You're our Vice-President HRD.

Sundaram-Clayton and its associates is on the look-out for a rare individual.

An experienced, sensitive professional, capable of nurturing the talents of employees to peak levels of performance.

A man, so in tune with the needs of people, that he can sense the intrinsic potential in every individual.

Who can, by developing and optimising talent, help them attain levels of self-actualisation.

And enrich the culture and character of the organisation, through effective management of its most valued resources — people.

As **Vice-President HRD**, the growth and development of over 1,200 executive and managerial personnel will be in your hands. Hence, you will not just be thinking of them but — often — for them.

This thoughtfulness should be reflected in the policies you initiate and implement in the areas of recruitment, training and development, career planning and all other HRD areas.

Ideally, you should have had around 15 years' experience in HRD at a senior level. Which means your age should be in the region of 45 years.

If you feel you're the man we're looking for, send in your resume on A4 size paper, to:



The Managing Director
Sundaram-Clayton Limited
Jayalakshmi Estates
8 Haddows Road
Madras 600 006

JINDAL

Group

We are a leading manufacturer of Steel Pipes & Tubes.
Our Group turnover exceeds Rs. 250 Crores. We are
looking for the following personnel for our Delhi Office :

EXECUTIVE ASSISTANT

The Executive Assistant will assist the Managing Director and his office in developing, compiling and analysing information flowing into the MD's Office, collating, presentation of essential information, scanning economic intelligence and assisting in preparing briefs of various proposals etc.

Applicants should be MBA's or CA/MBA's with an excellent academic record and experience of working in consultancy organisations or reputed companies. A good appreciation of financial concepts is a pre-requisite. This is a short-term senior level assignment with good prospects of career growth in other functions.

The remuneration package for position will be attractive and commensurate with experience and qualifications.

Please write in strict confidence within 7 days with salary already drawn and salary expected to :

Jindal Pipes Limited
"PIPE HOUSE"
56, Hanuman Road,
NEW DELHI-110 001.

A leading Company in the process industry with a turnover of Rs. 130 crores and substantial diversification plans wishes to recruit the following General Managers:

GENERAL MANAGER (PERSONNEL)

(MS/4367)

Hyderabad

Attractive compensation

The incumbent will be responsible for Manpower Planning, Human Resources Development, Industrial Relations and Personnel Administration at different locations. He will report to Managing Director and will be assisted by a competent team of Managers.

Candidates should be an M.B.A. or Post Graduate with specialisation in Personnel Management and Industrial Relations with proven track record, having 15-20 years experience and should be occupying a Senior Management position in Companies of repute. Knowledge of Telugu is desirable. Preferred age: Over 40 years.

GENERAL MANAGER (COMMERCIAL)

(MS/4368)

Hyderabad

Attractive compensation

The incumbent will have complete responsibility for Materials Planning, Procurement, Vendor Development and Inventory Control relating to forest based Raw Materials, Chemicals, Stores and Spares and will need to liaise with State Government authorities in related areas. He will report to the Managing Director and will be assisted by a competent team of managers.

Candidates should be Graduates in Engineering with a Post Graduate qualification in Materials Management having 10-15 years experience in handling the material function in process industries and occupying a senior management position. Some exposure to forest based industries will be an advantage. Preferred age: Over 40 years.

Compensation will be attractive for both the positions and is designed to attract the best talent.

Please apply within 10 days to:

A.F. Ferguson Associates
Post Bag No. 1261
Madras 600 034

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked with appropriate MS reference number.

A leading Company in the process industry with a turnover of Rs. 130 crores and substantial diversification plans will be looking for the following managerial personnel:

SENIOR MANAGER (INTERNAL AUDIT)

(MS/4369)

Hyderabad

Attractive compensation

The incumbent will be the head of the function. He will be responsible for audit planning, execution and review of computerised systems at different locations.

Candidates should be qualified accountants with over 10-15 years experience in companies of repute. They should have substantial exposure to the internal audit function at a senior level and should have good interpersonal skills. Preferred age: around 40 years.

ASSISTANT MANAGERS (INTERNAL AUDIT)

(MS/4370)

Hyderabad

Attractive compensation

Incumbents will be responsible for conducting systems and transaction audits at different locations and will report to the Senior Manager (Internal Audit).

Candidates should be qualified accountants with 3-5 years relevant experience in companies of repute. Preferred age: around 30 years.

FINANCE MANAGERS

(MS/4371)

Hyderabad/Andhra Pradesh

Attractive compensation

Incumbents will be responsible for financial and management accounting, costing and budgeting and will report to General Manager (Finance).

Candidates should be qualified accountants with over 10 years experience in companies of repute having substantial exposure to the finance function at a senior level. Preferred age: around 35 years

Compensation for all the positions will be attractive and is designed to attract the best talent.

Please apply within 10 days to:

A.F. Ferguson Associates
Post Bag No. 1261
Madras 600 034

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked with appropriate MS reference number.

GENERAL MANAGER – MARKETING

BOMBAY

A well established group of companies engaged in the plastics processing industry is promoting a new venture in technical collaboration with a West German organisation which is a world leader in the business.

The new enterprise will produce plastic products required by homes, offices and factories employing a unique manufacturing process.

The General Manager – Marketing who will report to the Chief Executive, will be required to develop new markets, evolve marketing strategies, establish distribution and selling systems and build a motivated marketing team.

The incumbent should be a mechanical or chemical engineer with about 10 years of proven field level experience in the marketing of industrial/plastic products requiring inter-action with industrial establishments, construction firms, architects and Government agencies.

An attractive remuneration package will be offered and rewards will be related to performance.

Preferred Age: 35-40 years.

Applications in strict confidence should be sent within a fortnight to:



DR. R. BANERJEE

CONSINDIA
PRIVATE LIMITED

'Anand Ashram', 2nd Floor, 22, Pandita Ramabai Road,
Gamdevi, Bombay 400 007.



NICCO PROJECT DIVISION

A division of The National Insulated Cable Co. of India Ltd. is actively involved in design, supply, erection and commissioning of complete Process Plants on a turnkey basis. The Project Division has earned the confidence of an impressive list of clientele i.e., DSP, BCCL, HCL, NHPC, CMPDIL, Hindustan Lever, HZL, etc., and currently has an order balance of over Rs 35 crores including some prestigious contracts from overseas. The Division's turnover this year is expected to cross over Rs 15 crores.

To meet the growing needs of growth and diversification the company requires at Calcutta :-

GENERAL MANAGER (Projects)

The incumbent should be capable of taking overall responsibilities related to supervision of turnkey contract execution and should have a good degree in Chemical or Mechanical Engineering with at least 15 years of relevant experience, 5 years of which should be in a senior level. Age not exceeding 45 years.

Very attractive remuneration package commensurate with qualifications and experience will be offered.

Candidates fulfilling the above requirements may apply within 10 days alongwith full details and a passport size photograph to :—

The President (Project Division)
The National Insulated Cable Co. of India Ltd.
"Nicco House", 3rd Floor
2 Hare Street
Calcutta - 700 001.

NSL

NSL Limited (formerly Nagarjuna Steels Ltd), member of the professionally managed NAGARJUNA GROUP is in collaboration with M/s. VOEST-ALPINE of AUSTRIA - the world leaders in Cold Roll Forming. For this Division, NSL is looking for the following Senior Executives to be located at the Plant near Hyderabad.

GENERAL MANAGER

He should be a total BUSINESS MANAGER, preferably an Engineer with MBA qualification, and aged around 35 years. Minimum 12 years industrial experience with Marketing bias preferred. He will head a profit-centre. High level creativity, dynamic leadership and man management skills are considered essential to this job.

MANAGER

(STRUCTURAL DESIGNS)

He should be an M.Tech with specialisation in steel structures and possess minimum 8 to 10 years experience in structural designs. He will head the Design Department and undertake execution of projects. Exposure to computer aided designs and work experience with leading structural consultants, will be a definite advantage.

Both these positions are in the Senior Management cadre of the company and will entail high degree of freedom at work. Bright growth prospects offered. Our salary package will be the best in the industry.

Please send in your detailed bio-data with latest photograph within 10 days to :

Vice President
NSL LIMITED
Cold Roll Forming Division
Nagarjuna Hills
Punjagutta
HYDERABAD - 500 482

ABC's major specialisations include

Corporate Consultancy

SWOT Analysis

MIS

SENIOR MANAGEMENT POSITIONS

Our Client is a highly profitable, large multi-unit Public Enterprise well-known in the manufacture of Latex Products. The Company is now diversifying into manufacture of other related products with substantial investments. They are now on the lookout for Senior Professionals to fill the following positions.

GENERAL MANAGER OPERATIONS KERALA

The incumbent will be responsible for total operations of one of the major manufacturing units having a strength of around 2000 employees. He will be accountable for Production, Productivity, Quality Control and Labour Relations.

Candidates should have a Bachelor's Degree in Chemical/Mechanical/Electrical/Industrial Engineering or Post Graduate qualification in Rubber Technology. They should have atleast 15 years relevant experience in a Process Industry of which 5 years should be at Senior levels. High level of technical competence, excellent leadership qualities and good communication skills are essential. Proven success in managing labour relations and handling large work force is a must. Knowledge of Malayalam/Kannada/Tamil essential. Age: Around 45 years. Code: GML/MDS/27.

2 WORKS MANAGERS LATEX/PLASTIC PRODUCTS SOUTH INDIA

Incumbents will be responsible for total Plant Operations at their respective locations with accountability for Production, Productivity, Quality Control and Labour Relations.

Candidates should have a Bachelor's Degree in Mechanical/Chemical/Electrical Engineering or Post Graduate qualification in Rubber Technology with atleast 10 years experience of which 5 years should be in **Latex/Plastics industry**. High level of technical competence and proven experience in maintaining good labour relations essential. Knowledge of Malayalam/Kannada/Tamil essential. Age: Below 45 years. Code: WML/MDS/28.

Emoluments are negotiable and will be commensurate with qualifications and experience.

Apply within 15 days with detailed bio-data clearly indicating the nature of experience and break-up of current emoluments and marking envelope & application with appropriate job title & code. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Tel. 470778

Data Processing

Materials Management

Organised Cost Reduction

Socio-Economic Studies

Computer Feasibility

Systems & Procedures

Insurance Consultancy

Operations Research

Industrial Engineering

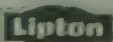
Software Packages

Project Reports

Hindustan
Lever
Limited



Lipton
India
Limited



Brooke Bond
India
Limited



Pond's
India
Limited



EXECUTIVE TRAINEES (COMMERCIAL)

We offer a unique career opportunity for bright, young Commerce Graduates who are qualified or yet to qualify as Cost Accountants.

Applicants must have outstanding scholastic achievements with a good record in extra curricular activities and leadership roles. While not essential, an industrial exposure would be an asset. Selected candidates will be put through a structured training programme of 18 months covering accounting, financial management, internal audit, purchasing, operations planning etc. with emphasis on learning while doing. The upper age limit is 25 years.

The Unilever Group in India has a common pool of management resource which enables it to offer considerable career opportunities. Selected candidates can look forward to exciting careers in the commercial functions leading to a general management responsibility. Gross remuneration during training will be Rs. 4,000/- per month. On successful completion of training, Trainees will be confirmed in the management cadre.

If you are interested in a career with us, do reply in strict confidence with a detailed resume within 10 days, superscribing the position applied for on the envelope, which should be addressed to: Selection Manager, Hindustan Lever Limited, P.O. Box 409, Bombay 400 001.



Max India Ltd. an associate of Ranbaxy Laboratories Ltd. is a pioneer and leading manufacturer of downstream penicillin products 6-APA and 7-ADCA used in the manufacture of vital antibiotics. The Company's Plants for these two products are USA, FDA approved. As an extension of its business, the Company is entering the fermentation industry for manufacture of industrial enzymes and also diversifying into packaging, speciality chemicals, etc. For its CORPORATE OFFICE at DELHI the Company requires:

MARKETING MANAGER

Responsibilities

- Marketing and Sales of 6-APA & 7-ADCA and allied products.
- Maintaining leadership of Company's products and market shares.
- Customer Servicing and Development by rendering sound technical and commercial support.
- Export marketing, development and administration such as licencing, export incentives etc.

Requirements

- Age 33-38 years
- Graduates in Science or Chemical Engineering. MBA's will be given preference.
- 7-10 years experience in marketing and sales of bulk drugs, drug intermediates, chemicals, etc. in reputed companies.
- A professional approach to market planning, market information systems, etc.

General

- Key position with close working with Top Management.
- Flexible Compensation package comparable to best in industry. Company leased accommodation will also be provided.
- Position offers excellent growth prospects in existing and new areas of business.

Apply with full details to:

Senior Manager-Corporate Personnel

MAX INDIA LIMITED

Devika Tower, 6 Nehru Place
NEW DELHI-110 019.

WANTED : A SUPER- CHARGED MARKETING MANAGER

AZTEC

Soon, a wide range of top-of-the-line lead acid batteries, branded AZTEC, will be launched in South India. By Industrial Accumulators Limited—promoted by private entrepreneurs and the Kerala State Industrial Development Corporation Ltd., under the sponsored sector.

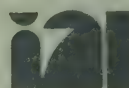
Aztec batteries, with their definite marketing edge, have all the makings of a sure winner.

To orchestrate Aztec's success, IAL needs a live-wire Marketing Manager. Who will develop powerful marketing strategies, and see them evolving into sales realities. In short, one who will take full charge of IAL's marketing function.

If you are a postgraduate with an MBA and two years' hard-core marketing experience, you are our man. What sets you apart is your drive, and the fire in your belly. So you can charge ahead with IAL, in this challenging assignment.

About the salary and perks, we will put it this way. If you have the charge in you, there will be nothing to stop you.

Reply within 10 days to:



The Managing Director
**INDUSTRIAL
ACCUMULATORS LIMITED**
Valanjambalam, Cochin-682 016

Think about it. Because Berger Paints is on a manhunt. For a person who thinks on his feet, has tons of stamina and waits for the next challenge. A person who will be the ideal role model for his sales force. And who can take split-second decisions under the most trying circumstances.

He will have his share of excitement, opportunities and challenges in developing Berger's business as an Area Sales Manager in important locations in the country. He will also be exposed to a wide variety of marketing situations.

If you are a graduate in Arts/Science/Engineering, under 28, and have been an achiever in the consumer marketing field for 3-4 years, you're the person we're trying to track down.

IF YOU'RE THE MOST
ADMIRER PROFESSIONAL IN
YOUR COMPANY TODAY,
MAY BE YOU
NEED TO QUIT.

Formal exposure to Management education will be a plus. If you're computer-literate and can talk us into absorbing you, you stand an even better chance.

We promise an attractive package, a stimulating work environment and recognition for superlative performance.

After all, why should a company which has pioneered several innovations in the paint industry settle for anything but the best?

If you think you fit the bill, send in a structured resume with details of locations preferred and languages known to:

The General Personnel Manager
Berger Paints India Limited
Berger House, 129 Park Street,
Calcutta - 700 017

BERGER PAINTS



In association with **THE UB GROUP**

TITAN

R E Q U I R E S

SALES AND MARKETING PERSONNEL

Titan Watches Limited, a Rs.80 crore TATA venture has emerged as the leader in the fast growing Indian quartz watch market. The company expects to achieve sales of over Rs.75 crores this year. Its products are accepted worldwide and it has secured an order for the export of 30 lakh watch movements over the next 3 years. Plans to export watches are under development.

Titan has put together an outstanding professional team. Its success has been achieved by adopting innovative approaches in different areas of the business and creating an environment which encourages creativity, teamwork and a high degree of commitment. Titan is setting new standards of excellence in product design, manufacturing, advertising, distribution and retailing.

To further consolidate its leadership in the watch industry in India and to make a planned entry into the export market, the company invites outstanding and motivated young professionals in the following areas.

Sales
Sales Coordination
Sales Promotion
Product Management
Advertising – Media
Advertising – Creative
Marketing Info. System
Marketing Research
Design
Retailing
Export

CODE:

S-BI
SC-BI
SP -BI
PM-BI
AM-BI
AC-BI
MI-BI
MR-BI
D-BI
R- BI
E-BI

Salary will be appropriate to attract the best talent.

Graduates, aged 25 years +, preferably with a degree in management with outstanding records and at least 2 years' relevant experience may apply within 15 days with a complete resume and a 100 word precis on "How I can contribute to the growth of Titan" to:

The Vice President (Sales & Marketing)
Titan Watches Limited,
Sona Towers, 71 Miller Road,
Bangalore 560 052.

Please superscribe the relevant code on the application and the envelope.

TITAN WATCHES LIMITED

A TATA + TIDCO ENTERPRISE

TITAN

R E Q U I R E S

MANAGER FOR MARKETING SERVICES

Titan Watches Limited, a Rs.80 crore TATA venture has emerged as the leader in the fast growing Indian quartz watch market. The company expects to achieve sales of over Rs.75 crores this year. Its products are accepted worldwide and it has secured an order for the export of 30 lakh watch movements over the next 3 years. Plans to export watches are under development.

Titan has put together an outstanding professional team. Its success has been achieved by adopting innovative approaches in different areas of the business and creating an environment which encourages creativity, teamwork and a high degree of commitment. Titan is setting new standards of excellence in product design, manufacturing, advertising, distribution and retailing.

To increase the effectiveness of marketing activities, applications are invited from outstanding and highly motivated professionals for the following positions based in Bangalore.

**MANAGER
ADVERTISING & MERCHANDISING
CODE: MAM-BI**

Age: 29 years +

Will be required to

- work closely with the sales and market research departments and recommend appropriate advertising strategies.
- coordinate with the advertising agency to ensure that advertising meets with required objectives, is cost effective and communicates correctly in all languages
- monitor and evaluate effectiveness of advertising and merchandising

Graduates, preferably with a management degree from a recognised institution with at least 5 years' experience in a reputed advertising agency or in a product management/advertising area of a marketing oriented company, may apply.

**MANAGER
MARKET INFORMATION
SYSTEM & RESEARCH
CODE: MMI-BI**

Age: 27 years +

Will be required to assess the information needs, identify methods of obtaining the information and analyse the data to get a better appreciation of

- different segments of consumers, their preferences and their buying behaviour.
- impact of the changes in the environment & competitive activities.
- effect of changing marketing mix variables on sales and profitability.

He will work closely with independent market research agencies and colleagues in Sales & Marketing.

Graduates with 5 years' in-depth and relevant experience in a reputed market research agency or in a professional consumer product company may apply.

Salary for both positions will be appropriate to attract the best talent.

Please apply within 15 days to:

The Vice President (Sales & Marketing)
Titan Watches Limited,
Sona Towers, 71 Miller Road, Bangalore 560 052.

Please superscribe the relevant code on the application and the envelope.

TITAN WATCHES LIMITED

A TATA + TIDCO ENTERPRISE

DCM TOYOTA LIMITED

MARKETING/SALES

The responsibilities would be in the areas of Field Sales, Sales Administration, Exports and Sales Promotion. Graduates preferably with MBA qualification, having 2-7 years' relevant experience in any of the above areas in an Engineering/Automobile Industry would be considered suitable.

SERVICE

The main responsibilities will be in the areas of Field Service, Warranty Administration, Dealer Development and Training. Mechanical/Automobile Engineering graduates with 2-7 years' relevant experience; or Diploma holders in Mechanical/Automobile Engineering with 3-10 years' relevant experience, preferably in an Automobile Industry, would be considered suitable.

PLANT OPERATIONS

The main responsibilities would be in the areas of Production, Quality Control and Maintenance. Graduates in Mechanical/Automobile Engineering with 2-7 years' experience or Diploma holders in Mechanical/Automobile Engineering with 3-10 year's experience in Production Shops having CNCs, and also Press Shop and Tool Room in an Automobile/Allied Engineering Industry would be considered suitable.

MATERIALS AND ANCILLARY DEVELOPMENT

The main responsibilities would be in the areas of Vendor Development, Costing, Price Negotiations, Supply Management, Materials Procurement and follow-up for engineering items. Mechanical/Automobile Engineering

Graduates with 3-10 years' experience or Diploma holders in Mechanical/Automobile Engineering, with 5-12 years' relevant experience in an Automobile or Allied Engineering Industry would be considered suitable.

IMPORTS

The main responsibilities would be in the areas of imports of engineering goods, machinery and equipments, and dealing with the appropriate Government agencies. Graduates with 3-7 years' relevant experience and indepth knowledge of imports/exports regulations and formalities would be considered suitable.

INDUSTRIAL RELATIONS

The main responsibilities would be in the area of maintaining cordial Industrial Relations climate with main emphasis on developing a unique work culture, laying great emphasis on employee relations. The responsibilities would also include liaison with related Government agencies. Candidates with MSW or MBA in Personnel Management and Industrial Relations with 7-12 years' relevant experience in an Engineering Industry would be considered suitable.

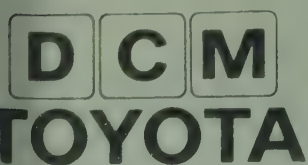
Salary, Perks and other benefits for the above positions will be commensurate with qualifications, and experience and would be comparable with the best in the industry.

Apply within 10 days with detailed Resume; indicating qualifications, experience, age, salary drawn and a recent passport-size photograph, mentioning clearly the functional area applied for, to **The General Manager, Personnel & Admn, DCM Toyota Limited, 1st Floor, Kanchenjunga Building, 18 Barakhamba Road, New Delhi-110 001.**



We are a leading manufacturer of Light Commercial Vehicles in India. Having established a strong position in the LCV market, we are now embarking upon an ambitious growth and diversification plan.

We lay great emphasis on our Human Resources and have developed a team of highly motivated and committed professionals. To augment this team, we are now looking for outstanding professionals in various disciplines such as Marketing and Sales, Service, Production, Quality Control, Materials and Ancillary Development, and Industrial Relations.



THE CONFIDENCE OF SUCCESS

CAREERS

WITH ITC



I.T.C. LIMITED
AGRI-BUSINESSES DIVISION

EXPORT PROFESSIONALS

COMPANY: I.T.C. Limited is one of India's largest companies with diverse interests in tobacco, cigarettes, hotels and tourism, printing and packaging, paper and financial services.

The company has recently made a major entry into the seeds business, edible oils/fat and export of agricultural and related products.

CANDIDATE: The candidates must be graduates in Economics/Commerce/Agriculture with brilliant scholastic background and 3-5 years experience in the export of any of the following products:- Oilseed extractions (Deoiled cakes); Oil Seeds – H.P.S.(Groundnut, Sesame and Niger seed); Castor oil; Processed foods – Mango and Guava pulp (canned and frozen); Spices; Rice – Basmati and other types; Coffee; Tea; Guar Gum.

Those with experience in the fields of export documentation/export finance may also apply. Suitable qualification in the discipline of foreign trade will be an added advantage.

CAREER: The posts offer significant opportunities for growth in a sunrise industry. The focus will be on developing and implementing strategies for increasing the demand for a broad band of agricultural products, processed foods and allied commodities overseas and for innovatively marketing the products in a highly competitive international market, contributing to accelerated growth of exports of the company.

COMPENSATION: Remuneration would be commensurate with qualifications and experience of the candidate. Salary package for the above positions is negotiable and will not be a limiting factor for the right candidates. For a result oriented person, prospects for career progression are extremely bright.

Application should be sent to the address given below, along with a non-returnable passport size photograph and communication address with telephone number, date of birth, qualifications, work experience, copies of published scientific work if any along with a probable date of availability to:-

MANAGER, PERSONNEL & ADMINISTRATION **I.T.C. LIMITED**, AGRI-BUSINESSES DIVISION
31, SAROJINI DEVI ROAD, SECUNDERABAD : 500 003. TEL NOS. 75461, 833594

Hindustan
Lever
Limited



Lipton
India
Limited



Brooke Bond
India
Limited



Ponds
India
Limited



PACKAGING DEVELOPMENT MANAGERS

The Unilever Group of Companies in India uses a wide range of packaging material for its various consumer products and chemicals. The Group is looking for specialists to service its changing business needs of packaging design and development.

Applicants should be engineers preferably with specialisation in plastic/paper technology and possess about 5-10 years' relevant experience in a consumer product industry or packaging manufacturing. They must have working knowledge of new generation packaging machines for plastics and paper. Preferred age around 30-35 years.

The Unilever Group in India has a common pool of management resource which enables it to offer considerable career opportunities. Selected candidates will be offered an attractive remuneration package which includes housing.

If you are interested in a career with us, do reply in strict confidence with a detailed resume within 10 days, superscribing the position applied for on the envelope, which should be addressed to: Selection Manager, Hindustan Lever Limited, P.O. Box 409, Bombay 400 001.

TITAN

R E Q U I R E S

HEAD OF PRODUCT DEVELOPMENT

Titan Watches Limited, a Rs.80 crore TATA venture, has emerged as the leader in the fast growing Indian quartz watch market. The company expects to achieve sales of over Rs.75 crores this year. Its products are accepted world-wide and it has secured an order for export of 30 lakh watch movements over the next 3 years. Plans to export watches are under development.

Titan has put together an outstanding professional team. Its success has been achieved by adopting innovative approaches in different areas of the business and creating an environment which encourages creativity, teamwork and a high degree of commitment. Titan is setting new standards of excellence in product design, manufacturing, advertising, distribution and retailing.

At the heart of its success story is AN OUTSTANDING COLLECTION OF FINE QUARTZ WATCHES, comparable to the best in the world. Titan watches, in international styles appropriate to the preferences of the consumers in India, are available in a wide range of designs and at several price levels.

The product development department is responsible for the conceptualisation, development and implementation of this strategy. The head of this department reports to the Vice-President (Sales and Marketing) and is responsible for

- understanding the requirements and needs of different segments of consumers and

developing products appropriate to each segment.

- monitoring new trends in the international market and adapting them suitably for the Indian consumers.
- interacting with the manufacturing and the marketing departments to ensure that the desired product reaches the consumer at the right time and at the right price.

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Dr. Manesh Shrikant, DBA (Harvard)
Director

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Munshi Nagar, Andheri (W)

Bombay 400 058

Tele: 628 74 54; 628 03 96

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Compensation package would, therefore, be suitable which is among the best in the industry. Candidates who have experience in **personnel management only, need not apply** for this post.

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We are looking for a high calibre professional to handle day to day Secretarial, Administration and Legal work.

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Age: Around 35 years.

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Applicants must be graduates in Mechanical Engineering preferably with post-graduation in Management/Industrial Engineering. A minimum of 8 years experience in all aspects of manufacturing management in a reputed mass producing consumer industry is essential.

EXECUTIVE – PRODUCTION

Age: Below 30 years.

The incumbent would be required to take independent charge of the production activities of a Department with the objective of maximising overall productivity.

Candidates must be graduates in Mechanical Engineering with around 5 years experience or Diploma holders in Mechanical Engineering with around 8 years supervisory experience in production. Ability and flair to effectively supervise workmen is very essential.

Please apply giving details of age, qualification, work experience, salary drawn and expected etc. within 10 days to:

Executive Director,

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(for Bombay & Surat/Navsari)

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The selected candidates will be responsible for conducting regular internal audit and operational audit of the mills/factories and other work places and to appraise and to review the existing systems and procedures including internal checks and controls.

Applicants should be Chartered Accountants with minimum three years' experience in a similar capacity, preferably in a reputed composite textile mill.

The preferred age group for the above positions are below 35 years.

The positions are in the Management Cadre. Salary will be commensurate with candidate's qualifications and experience. Fringe benefits include Dearness Allowance, House Rent Allowance, Compensatory Allowance, Educational Allowance, Addl. H.R.A./Addl. L.T.A., Monthly H.C.A./Annual H.C.A., Provident Fund, Superannuation Scheme, Gratuity, Medical Insurance and Leave Travel Assistance for self and family.

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Applicants should be a B.Com. having good academic record with minimum 5 years experience in the Internal Audit Department, preferably in reputed composite textile mills.

The preferred age group for the above positions are between 25 and 30 years.

Attractive salary and perquisites will be offered for the right candidate.

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How do you see the role of the WBIDC? What has been WBIDC's direct investment in the private sector during the last five years?

At WBIDC we have two roles, to promote medium scale industries as well as large projects. Where the former is concerned, our role is restricted to providing term loans and other incentives. But in the large scale sector, we prefer a stake in equity. Contrary to the popular impression, we are not averse to helping set up big projects, though our emphasis is on creating a strong medium sector base to help entrepreneurs and to generate employment. Last year WBIDC disbursed term loans and incentives and invested in equity worth Rs.50 crore.

How does WBIDC plan to raise the money — Rs. 180 crore — for the Haldia project?

There are so many ways of raising finance. Depending on the evaluation done by the IDBI the state government will decide on the modalities. At this stage it would be premature to reveal details, but we are confident that the project won't be stalled for lack of funds.

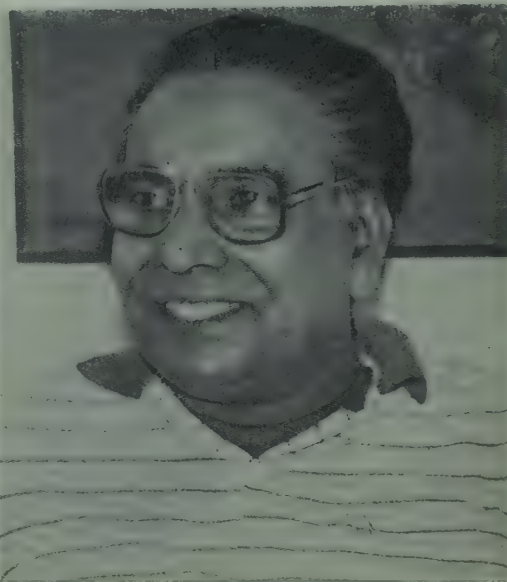
What are WBIDC's other projects?

This year, apart from Haldia, we are undertaking large joint sector projects like the BOPP project along with the Birlas, an acrylic fibre project with the G. P. Goenka group, a theme park in collaboration with the NICCO group and a joint sector carbon black project with Dunlop. We are also exploring the possibility of setting up a steel plant at Malda jointly with a private sector company at an investment of Rs.800-900 crore. We are giving a lot of emphasis to synthetic fibre plants since, on a rough estimate, West Bengal imports around Rs.1,000 crore worth of synthetic fibre materials.

Four new letters of intent for petrochemicals units have been issued to large groups like IPCL, the UB group and Reliance. Do you expect a petrochemicals glut again?

No. Because in the eastern zone, these will be the only petrochemicals units. And consumption patterns over the past few years reveal that the eastern states account for roughly one-third of the national consumption. And as in the case of all developed and developing countries the demand for petrochemical products will rise significantly.

A professional approach



Salil Gupta, 55, is the first professional to head West Bengal Industrial Development Corporation (WBIDC). A chartered accountant by profession, he is a director of the Calcutta-based chartered accountants' firm, Gupta, Chowdhury and Ghose. He talked to Madhumita Bose of Business India about the plans and projects of WBIDC and also its role in the industrial development of West Bengal.

What has happened to the proposals for PFY units by the J. K. and C. K. Birla groups? Why have the groups backed out?

I will not say that the C. K. Birla group has backed out. They are reworking the product mix, as there is a glut in the market for some of the products planned. As for J. K., we have received no word as to why.

But this gives an impression that industrialists are still not serious about investing in the state. What counteractive steps is the WBIDC taking?

Apart from some of the more publicised projects, a number of big companies, Indal and India Foils for example, are undertaking substantial rehabilitation and modernisation. This is not brought out in the press. Also, apart from expansion in capacity, a number of 100 per cent export units have been set up. The new projects clearly show that we are attracting investors.

As for creating more awareness,

WBIDC has decided to identify three thrust areas — jute, bulk drugs and leather — for potential investors.

How do you feel about WBIDC being regarded as virtually defunct in many quarters, in view of the comparative few projects on hand and interminable delays?

I disagree. Besides, our scope is restricted as we have to operate in areas of limited project costs. The visibility of WBIDC can never be the focal point for measuring industrial development. Our forte lies in developing joint sector projects. The fact that our growth rate between 10 and 15 per cent annually speaks for our performance.

It has often been pointed out that the Bengal government's approach seems to lack the professionalism of states like Maharashtra and Gujarat.

Comment.

Incorrect. The state government has gone out of its way to induct professionals and the chief minister has made himself accessible to industrialists in case of problems. A special cell has also been created to expedite matters.

The single biggest deterrent today to industrial development in the state said to be the lack of infrastructural facilities. What do you propose to do about this?

There are other organisations in the state to look after this. We are going out of our way to help industrialists overcome infrastructural problems, especially in essential areas such as power and water. But, yes, we agree that this is not the most ideal of situations.

You are the first professional to be appointed chairman of WBIDC. In your view, what has kept Bengal industrially behind? Do you think the Central government is responsible? Let's not involve the Central government in this. Let's just say that the feeling of the chambers of commerce and some industrialists is that bringing in a professional to run WBIDC has come a refreshing change. And if West Bengal has been left behind up to now, two factors are responsible — flight of capital and an aggravated labour situation. But now the situation is changing. Many industrialists who had gone over to other states are now coming back.

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